

IN THE UNITED STATES DISTRICT COURT
IN AND FOR THE DISTRICT OF DELAWARE

PIVITAL IP LLC,

Plaintiff,

v

ACTIVECAMPAIGN, LLC,

Defendant.

: CIVIL ACTION

:

:

:

:

:

NO. 19-2176-LPS

PIVITAL IP LLC,

Plaintiff,

v

TWILIO, INC.,

Defendant.

: CIVIL ACTION

:

:

:

:

:

NO. 20-254-LPS

PIVITAL IP LLC,

Plaintiff,

v

SHARPSRING, INC.,

Defendant.

: CIVIL ACTION

:

:

:

:

:

NO. 20-255-LPS

Wilmington, Delaware
Tuesday, July 14, 2020
35 U.S.C. 101 Hearing

BEFORE:

HONORABLE LEONARD P. STARK, Chief Judge
HONORABLE JENNIFER L. HALL, Magistrate Judge

(Captions continued on page 2)

Valerie Gunning
Official Court Reporter

Brian P. Gaffigan
Official Court Reporter

 INTERDIGITAL TECHNOLOGY

CORPORATION, IPR LICENSING, INC., :
 INTERDIGITAL COMMUNICATIONS, :
 INC., INTERDIGITAL HOLDINGS, INC., :
 and INTERDIGITAL, INC., :

Plaintiff, :

v :

LENOVO HOLDING COMPANY, INC., :
 LENOVO (UNITED STATES) INC., and :
 MOTOROLA MOBILITY LLC, :

Defendant. :

CIVIL ACTION

NO. 19-1590-LPS

 MENTONE SOLUTIONS LLC,

Plaintiff, :

v :

DIGI INTERNATIONAL INC., :

Defendant. :

CIVIL ACTION

NO. 20-280-LPS

 MENTONE SOLUTIONS LLC,

Plaintiff, :

v :

ELO TOUCH SOLUTIONS, INC., :

Defendant. :

CIVIL ACTION

NO. 20-281-LPS

 APPEARANCES:

STAMOULIS & WEINBLATT LLC
 BY: STAMATIOS STAMOULIS, ESQ.

and

DIRECTION IP LAW
 BY: DAVID R. BENNETT, ESQ.
 (Chicago, Illinois)

Counsel for Pivotal IP LLC
 in Civil Action 19-2176-LPS

1 APPEARANCES: (Continued)

2 CONNOLLY GALLAGHER LLP
3 BY: ARTHUR G. CONNOLLY, III, ESQ.

4 and

5 PERKINS COIE LLP
6 BY: MARK T. SMITH, ESQ., and
STEPHANIE NELSON, ESQ.
(Chicago, Illinois)

7 Counsel for ActiveCampaign, LLC
8 in Civil Action 19-2176-LPS

9 CHONG LAW FIRM
10 BY: JIMMY CHONG, ESQ.

11 and

12 DIRECTION IP LAW
13 BY: DAVID R. BENNETT, ESQ.
(Chicago, Illinois)

14 Counsel for Pivotal IP LLC
15 in Civil Action 19-254-LPS

16 POTTER ANDERSON & CORROON LLP
17 BY: BINDU A. PALAPURA, ESQ.

18 and

19 JONES DAY
20 BY: MICHAEL A. OBLON, ESQ.
(Washington, District of Columbia)

21 and

22 JONES DAY
23 BY: MICHAEL C. HENDERSHOT, ESQ.
(Palo Alto, California)

24 and

25 JONES DAY
BY: JENNIFER HARTJES, ESQ.
(Minneapolis, Minnesota)

Counsel for Twilio, Inc.
in Civil Action 19-254-LPS

1 APPEARANCES: (Continued)

2 CHONG LAW FIRM

3 BY: JIMMY CHONG, ESQ.

4 and

5 DIRECTION IP LAW

6 BY: DAVID R. BENNETT, ESQ.

(Chicago, Illinois)

7 Counsel for Pivotal IP LLC

8 in Civil Action 19-255-LPS

9 ASHBY & GEDDES, P.A.

10 BY: ANDREW C. MAYO, ESQ.

11 and

12 GODFREY & KAHN, S.C.

13 BY: SHANE M. DELSMAN, ESQ., and

14 JENNIFER L. GREGOR, ESQ.

(Madison, Wisconsin)

15 Counsel for SharpSpring, Inc.

16 in Civil Action 19-255-LPS

17 ----

18 SMITH, KATZENSTEIN & JENKINS LLP

19 BY: NEAL C. BELGAM, ESQ.

20 and

21 WILSON SONSINI GOODRICH & ROSATI

22 BY: RYAN R. SMITH, ESQ.

23 DAVID S. STEUER, ESQ., and

24 MICHAEL B. LEVIN, ESQ.

(Palo Alto, California)

25 Counsel for InterDigital Technology

Corporation, IPR Licensing, Inc.,

InterDigital Communications, Inc.,

InterDigital Holdings, Inc., and

InterDigital, Inc.,

in Civil Action 19-1590-LPS

1 APPEARANCES: (Continued)

2 MORRIS, NICHOLS, ARSHT & TUNNELL LLP
3 BY: RODGER D. SMITH, II, ESQ.

4 and

5 SIDLEY AUSTIN LLP
6 BY: JOSEPH A. MICALLEF, ESQ., and
7 SCOTT BORDER, ESQ.
(Washington, District of Columbia)

8 and

9 SIDLEY AUSTIN LLP
10 BY: RICHARD A. CEDEROTH, ESQ.
(Chicago, Illinois)

11 Counsel for Lenovo Holding
12 Company, Lenovo (United States) Inc.,
and Motorola Mobility LLC
in Civil Action 19-1590-LPS

13 ----

14 O'KELLY & ERNST, LLC
15 BY: GEORGE PAZUNIAK, ESQ.

16 Counsel for Mentone Solutions, LLC
in Civil Action 20-280-LPS

17 YOUNG CONAWAY STARGATT & TAYLOR, LLP
18 BY: ANNE SHEA GAZA, ESQ.

19 and

20 JENNER & BLOCK LLP
21 BY: AMR O. ALY, ESQ.
(New York, New York)

22 Counsel for Digi International
23 in Civil Action 20-280-LPS

24 ----

1 APPEARANCES: (Continued)

2
3 O'KELLY & ERNST, LLC
4 BY: GEORGE PAZUNIAK, ESQ.

5
6 Counsel for Mentone Solutions, LLC
7 in Civil Action 20-281-LPS

8
9 FISH & RICHARDSON P.C.
10 BY: JEREMY D. ANDERSON, ESQ.

11 and

12
13 FISH & RICHARDSON P.C.
14 BY: RICARDO J. BONILLA, ESQ., and
15 MICHAEL A. VINCENT, ESQ.
16 (Dallas, Texas)

17
18 Counsel for Elo Touch Solutions, Inc.
19 in Civil Action 20-281-LPS

20
21
22 - oOo -

23 P R O C E E D I N G S

24 (REPORTER'S NOTE: The following Section 101
25 hearing was held remotely, beginning at 10:03 a.m.)

1 CHIEF JUDGE STARK: Good morning, everybody.
2 This is Judge Stark. I am in my jury room in Wilmington,
3 Delaware, along with Judge Hall.

4 Good morning, Judge Hall.

5 JUDGE HALL: Good morning, Judge Stark.

6 Good morning, everybody.

7 CHIEF JUDGE STARK: We are keeping a safe social
8 distance from one another, and this is our 101 day. We're
9 here on a number of different cases. I will list all the
10 cases for the record in a moment, and I will give the
11 parties all a chance to enter their appearances.

12 I just wanted to say first that we do have in
13 front of us copies of the slides that were submitted
14 yesterday in connection with each of the hearings that are
15 going to occur today, and so counsel should feel free to
16 refer to those as we go through the day.

17 And just as a reminder, although we do expect
18 all the parties to be represented throughout the day, we're
19 going to start with argument in the Pivotal cases; that will
20 be 30 minutes a side. And then we'll turn to argument in
21 the InterDigital case, which is 40 minutes a side, then
22 we'll take a break. Then we will come back and hear
23 argument in the Mentone Solutions cases, and then we will
24 probably reconvene again sometime thereafter.

25 It's going to be important that anyone who is

1 not speaking keep themselves on mute, and also very
2 important that you identify yourself when you are speaking
3 so we can keep track exactly of who we are speaking to.

4 So with that, let me note that we are first here
5 in the Pivital cases: Pivital IP, LLC vs. ActiveCampaign,
6 LLC, it's Civil Action No. 19-2176; vs. Twilio, Inc. is
7 Action 20-254, and vs. SharpSpring, Inc. is Action 20-255.

8 Who is there, please, for Pivital?

9 MR. STAMOULIS: Your Honor, hi. Good morning.
10 Your Honors, this is Stam Stamoulis. It's good to hear your
11 voices.

12 I'm here on behalf of Pivital in one of the
13 matters. Jimmy Chong is the other Delaware attorney. We
14 are splitting the cases with Pivital.

15 And presenting for us today is David Bennett who
16 is lead counsel for all the Pivital matters.

17 MR. BENNETT: Good morning, Your Honors.

18 CHIEF JUDGE STARK: Good morning to all of you
19 for Pivital.

20 Who is there for the defendant ActiveCampaign?

21 MR. CONNOLLY: Good morning, Your Honors. This
22 is Arthur Connolly from Connolly Gallagher. With me on the
23 line are Mark Smith and Stephanie Nelson from Perkins Coie,
24 and Mr. Smith will be presenting today on behalf of
25 ActiveCampaign.

1 CHIEF JUDGE STARK: Okay. Good morning.

2 MR. MARK SMITH: Good morning.

3 CHIEF JUDGE STARK: Who is there for Twilio?

4 MS. PALAPURA: Good morning, Your Honor. This
5 is Bindu Palapura from Potter Anderson. And with me today
6 from Jones Day is Michael Hendershot, Michael Oblon, and
7 Jennifer Hartjes. And also with us from Twilio is Robert
8 McHenry and Eugene Kim. Mr. Hendershot is going to be doing
9 the argument for Twilio today.

10 CHIEF JUDGE STARK: Thank you. And good morning
11 to you all.

12 And who is there for SharpSpring?

13 MR. MAYO: Good morning, Your Honors. This is
14 Andrew Mayo from Ashby & Geddes on behalf of SharpSpring.
15 And I am joined this morning by my co-counsel from Godfrey &
16 Kahn. You have Jennifer Gregor and Shane Delsman on the
17 line.

18 And we intend to, obviously, largely defer,
19 consistent with the letter we submitted, to the arguments
20 that are going to be presented by ActiveCampaign and
21 Twilio's counsel. But to the extent the Court has any
22 questions for SharpSpring, I will defer to Ms. Gregor.

23 CHIEF JUDGE STARK: Okay. Good morning to you
24 both. Thank you very much for that.

25 So next on our agenda after that with the Pivotal

1 cases will be our InterDigital Technology Corporation, et al.
2 vs. Lenovo Holdings Company Inc., et al, our Civil Action No.
3 19-1590.

4 Who is there for InterDigital, please?

5 MR. BELGAM: Good morning, Your Honor. It's
6 Neal Belgam for InterDigital. Addressing the Court today on
7 behalf of InterDigital will be Ryan Smith, and with him on
8 the phone are his partners, David Steuer and Michael Levin;
9 also our client in-house counsel, Steve Akerley and Scott
10 Clark.

11 CHIEF JUDGE STARK: Okay. Thank you. Good
12 morning to all of you.

13 And who is there for the Lenovo parties, please?

14 MR. RODGER SMITH: Good morning, Your Honors.
15 It's Rodger Smith from Morris Nichols on behalf of Lenovo.
16 This morning my colleague, Joe Micallef from Sidley & Austin
17 will be arguing the motion. He is joined by his colleagues,
18 Richard Cederoth and Scott Border, also from Sidley &
19 Austin, as well as Anup Shah from Lenovo.

20 CHIEF JUDGE STARK: Okay. Good morning to all
21 of you.

22 And then --

23 MR. MICALLEF: Good morning.

24 CHIEF JUDGE STARK: Good morning.

25 And then we have two related cases that we'll

1 finish the day with, Mentone Solutions, LLC vs. Digi
2 International, Inc., it's Civil Action No. 20-280, and vs.
3 Elo Touch Solutions, Inc. Is Civil Action No. 20-281.

4 Who is there for Mentone, please?

5 MR. PAZUNIAK: Good morning, Your Honors.
6 George Pazuniak representing Mentone in both cases.

7 CHIEF JUDGE STARK: Okay. Good morning to you.

8 Who is there for Digi, please?

9 MS. GAZA: Good morning, Your Honors. It's Anne
10 Gaza from Young Conaway on behalf of Digi. And I'm joined
11 today by my colleague Amr Aly of Jenner & Block who will be
12 presenting on behalf of Digi today.

13 MR. ALY: Good morning, Your Honors.

14 CHIEF JUDGE STARK: Good morning.

15 Finally, who is there for Elo Touch, please?

16 MR. ANDERSON: Good morning, Judge Stark and
17 Judge Hall. This is Jeremy Anderson from Fish & Richardson
18 on behalf of Elo Touch Solutions. With me are my
19 colleagues, Ricardo J. Bonilla and Michael Vincent from our
20 Dallas office.

21 CHIEF JUDGE STARK: Okay. Good morning to you
22 as well.

23 Just a few more quick housekeeping points before
24 we get started.

25 Effectively, Judge Hall and I are both on the

1 bench. We could both ask you questions. None of these
2 motions are referred to Judge Hall. There will be no
3 reports and recommendation, but her assistance has been
4 invaluable in getting me prepared for today, and she will be
5 helping me throughout the day. But I will be the one making
6 the decisions in whatever form or fashion it is, whether it
7 is later today or after the hearing.

8 But certainly she is free to ask questions, and
9 you should treat us both as if we're on the bench presiding.

10 This is the first time I have done this on the
11 phone. Obviously it's because of the unfortunate pandemic,
12 and we wish we were all together, but cramming the 40 or so
13 of you into a courtroom together in Delaware just did not
14 seem prudent and safe in today's time and circumstances,
15 unfortunately.

16 So with that, let's start with the argument in
17 the Pivotal cases.

18 Which defendant are we going hear from first,
19 please?

20 MR. MARK SMITH: Good morning, Your Honor. This
21 is Mark Smith on behalf of ActiveCampaign.

22 Counsel for Twilio, Mr. Hendershot, and I have
23 coordinated and anticipate sharing approximately 20 minutes
24 for our argument and reserving approximately 10 minutes that
25 we will share in rebuttal.

1 CHIEF JUDGE STARK: Okay. We'll try to let you
2 know when you have around 10 minutes left.

3 MR. MARK SMITH: Thank you.

4 Pivital is asserting only claims 1 and 11
5 against ActiveCampaign. Both claims relate to sending an
6 e-mail with a common portion along with additional text in
7 the form of an encrypted comment that only select recipients
8 can access.

9 The chief dispute in this case is at step 1 and
10 whether the claims are directed to improving how a computer
11 works.

12 As evidenced by Pivital citing the *Finjan* case
13 in its letter brief, which was a step 1 only case, related
14 to a computer-specific advancement, that allowed the
15 computer to identify new computer viruses for the first
16 time.

17 That is not what we have here.

18 These claims use basic computer components to
19 perform a task that can be performed without computers.

20 The problem identified in the patent is
21 described in the context of a president of a company that
22 wants to send a message to all employees but also additional
23 texts to only managers.

24 At column 1, lines 29 through 35, the patentee
25 stated the problem in the prior art was that the managers

1 who lined up were receiving two messages.

2 At column 1, lines 49 through 58, the patentee
3 has described the solution: to send one message with an
4 encrypted comment that only the managers can access.

5 Now, the managers are only receiving one
6 message.

7 The same problem and the same solution exists in
8 a pre-computer world.

9 Using hardcopy memos, the president of the
10 same company could send all employees one memo and managers
11 a second memo with the additional text. Again, the same
12 problem. The managers are receiving two messages.

13 Same solution. Redaction is just a hardcopy
14 analog of encryption; and we cited on pages 5 and 6 of
15 ActiveCampaign's reply brief, which is Docket Entry 16, to
16 that effect.

17 A president can address one memo with a common
18 message that includes the additional texts for the managers
19 and simply redact the additional texts. The mailroom can
20 give the employees the redacted memo and the managers the
21 unredacted memo if, for example, they identify their ID.

22 The managers are now just receiving one message.

23 The claims at issue here are not addressing
24 computer-specific problems or the computer virus detection
25 in *Finjan*.

1 We submitted three slides yesterday; and I would
2 like to turn to ActiveCampaign's first slide which shows
3 that there is multiple ways to conclude that the claims here
4 are directed to an abstract idea.

5 The first task is to identified the claims
6 advanced over the prior art. As reflected by the title
7 of the patent and described in the specification of the
8 identified problem with how to send comments, which are
9 just additional texts to particular recipients, for example,
10 managers, without generating each message individually.

11 That's at column 1, lines 14 through 35.

12 And the claimed advance, meaning the solution
13 to that problem, was sending group e-mails with encrypted
14 comments that only selected recipients could access. Again,
15 that is at column 1, lines 49 through 58.

16 The question is whether that claim advanced is
17 abstract and the claimed advanced to be abstract, if it has
18 a real-world analog, if a prior case found the comparable
19 patent claim abstract or if it claimed functionally.

20 If the claimed advance is abstract under any one
21 of these analytical approaches listed in slide 1, the claim
22 is directed to an abstract idea and we move on to step 2.

23 I'll start with the pen-and-paper test and the
24 brick-and-mortar test because they ask whether the claimed
25 advanced is addressing a comparable real-world problem that

1 exists without computers.

2 I start here because this is the chief dispute;
3 and as I just described, the claims here address the
4 comparable problem and solution that exists in the hardcopy
5 memo context.

6 In a hardcopy world, the president can draft a
7 single memo that includes the managers' eyes only text. The
8 non-managers get a redacted memo, and the managers verify
9 their identities by their staff. They get a single,
10 unredacted memo.

11 Because the claimed advance has a direct
12 non-computer analogy, the claims are directed to an abstract
13 idea.

14 Under the case analogy approach, this is the
15 second analytical approach I'd like to touch on, that looks
16 for analogous patent claims; in essence, asking whether any
17 prior cases find patent claims covering similar claimed
18 advances have been found abstract. This approach was
19 described at the Federal Circuit in *Enfish vs. Microsoft*.
20 That's 822 F.3d 1327 at 1334.

21 The *Umbanet* case, cited in ActiveCampaign's
22 briefing and our letter brief, provides a good example both
23 as using that analytical approach and as finding patent
24 claims directed to assemble an abstract idea.

25 There, the claim was directed to "providing

1 selective or particularized access to an e-mail."

2 And the Court looked for and found analogous
3 cases explaining that quote courts have consistently
4 declared similar claims to be abstract.

5 Similarly, *Prism Technologies*, again, cited
6 in ActiveCampaign's briefing and letter brief, found a
7 comparable claimed advance to be abstract. There, the
8 patent claimed advance was providing restricted access
9 to resources. The claimed advances comparable further
10 restricted access to encrypted comments as part of the
11 claimed advance in this case.

12 Using this case analogy approach, we can, again,
13 conclude that the claims are directed to an abstract idea.

14 Pivotal relies on the *Finjan* case cited in its
15 letter briefs as a comparable claimed advance. But the
16 claims in *Finjan* are very different for a number of reasons.

17 In *Finjan*, the patentees explained that in
18 the past, computers could only use code matching which
19 compared downloaded code from the compute to a list of known
20 viruses. In *Finjan*, the patentee's claimed advance was a
21 new behavioral-based method to detect unknown viruses and
22 downloaded code, allowing a computer for the first time
23 to detect unknown viruses using this behavioral analysis
24 discussed in the patent.

25 Under the case analogy analytical framework,

1 behavioral virus scanning has zero to do with the claims
2 in this case. And to the extent Pivotal is just saying
3 *Finjan* stands for the general proposition that solving
4 computer-specific problems in a way that improves how a
5 computer works, again, the claims at issue here are not
6 addressing the computer-specific problem, nor do they
7 improve how a computer works. Both the problem and the
8 solution of the patent exists without computers.

9 The claimed advance is also abstract under a
10 functional claiming framework. Under the functional
11 claiming approach, the question is whether the claimed
12 advances is claimed at a functional level. It's a question
13 of specificity.

14 The asserted claims recite creating and sending
15 e-mails generically, encrypting and decrypting comments
16 generally.

17 The two-page patent is lacking the necessary
18 specificity, focusing in on a claimed advance as what is
19 claimed at a generic and functional level.

20 So under any analytical approach in slide 1, the
21 claims are directed to an abstract idea, and the Court can
22 move on to step 2.

23 But before we get to step 2, I'd like to turn
24 to ActiveCampaign's second slide to dive a little bit deeper
25 on the chief dispute here: whether the asserted claims can

1 improve how a computer works.

2 Pivital argues that the claims make a computer
3 more efficient. But that is not correct because the
4 efficiencies described in the patents relate to efficiencies
5 from the drafter's perspective, meaning the drafter need
6 only draft one e-mail as opposed to two; where on the flip
7 side, the manager receive one e-mail as opposed to two.

8 But that doesn't make a computer more efficient.
9 In fact, the same efficiency exists in the hardcopy memo
10 analogy we discussed underscoring that the claim are not
11 directed to improving computer functionality.

12 Pivital also argues the claims improve
13 bandwidth. But any bandwidth improvements are directed to
14 an unclaimed embodiment where a comment is decrypted before
15 it is transmitted. Figure 3 makes this clear, as does the
16 specification at column 3, lines 55 through 59.

17 And as shown in slide 2, that "decrypt before
18 processing" is cited specifically as the reason for the
19 bandwidth efficiency.

20 Claims 1 and 11 --

21 JUDGE HALL: This is Judge Hall.

22 Isn't it reasonable to infer that just sending
23 less e-mails will use less bandwidth makes a computer more
24 efficient?

25 MR. MARK SMITH: That's not what the patentees

1 are telling us. The patentees identify that problem and
2 said the way to supposedly get bandwidth efficiency is to
3 decrypt before sending, and that is what they cited and
4 told us what they thought the bandwidth efficiency was.

5 So there is nothing in the record to suggest
6 that it is improved for bandwidth here. That claims 1 and
7 11 never decrypt before sending; they always encrypt the
8 comments.

9 So the bandwidth discussion in the patent is
10 related to claims that never issued and just simply are not
11 at issue here.

12 CHIEF JUDGE STARK: So the embodiment in Figure
13 3, was it abandoned during prosecution, and do we have that
14 in front of us, or is it just not in claim 1 or 11?

15 MR. MARK SMITH: It is certainly not in claims 1
16 or 11. During the prosecution history, there were
17 originally claims directed.

18 For Figure 3 that were dropped, I don't believe
19 that is in the record, although I will double-check if that
20 is in front of you.

21 CHIEF JUDGE STARK: And going back to Judge
22 Hall's question, we're here on a motion to dismiss. If we
23 disagree with you and we think it is at least plausible,
24 perhaps in an amended complaint if we were to allow one, at
25 least plausible to think that sending fewer e-mails would

1 lead to the reduction in use of bandwidth, would that allow
2 the plaintiffs to survive this motion?

3 MR. MARK SMITH: In this instance, I don't think
4 it would. That is not an improvement to how a computer
5 works. That is not the -- using the *Finjan* example, that is
6 not the type of computer-centric improvement that the cases
7 are talking about.

8 And, again, there is nothing in the record,
9 and the patentees certainly didn't think that there was a
10 bandwidth improvement because when they did, they identified
11 it for in the specifications.

12 And as to the asserted claims here, there is no
13 representation that any bandwidth efficiency occurred.

14 So I don't want to cut into Mr. Hendershot's
15 time. I just very quickly want to touch on the last
16 ActiveCampaign slide, the third one, and that relates to
17 step 2.

18 The two-page patent pretty clearly only
19 describes well-known generic components shown on the slide.
20 And they're used normally in capturing forum, a patent
21 directed to an abstract idea into a patent eligible
22 invention.

23 So, again, unless Your Honors have more
24 questions for me at the moment, I want to turn it over to
25 Mr. Twilio's counsel, Mr. Hendershot, to make sure he has

1 sufficient time for his presentation.

2 CHIEF JUDGE STARK: Well, just one.

3 In response to your briefing, I think the
4 plaintiff argues "There is no prior art that had a message
5 structure that required a common message portion and
6 encrypted comment and an icon or an instruction to determine
7 access to an encrypted comment."

8 How do I find otherwise at this stage or how do
9 I reject as even plausible that contention?

10 MR. MARK SMITH: So starting with step 1, the
11 claimed advance is described without reference to the
12 combination that Pivotal refers to in its briefing.

13 So what you are asking is more of a step 2 type
14 of question. There, we could, again, look to the patents
15 and see what the patentees described. They talk about
16 generally encrypting in column 3, line 24. They say use a
17 generic e-mail, use additional text.

18 For an icon or a prompt in column 4, lines 9
19 through 20, they say use a visual icon.

20 There is no disclosure about any innovative
21 combination because they don't describe how to combine it.
22 They just say to use encryption, you use an icon. At best,
23 all they're arguing is the claims were found novel and
24 nonobvious.

25 But as ActiveCampaign pointed out on pages 8 and

1 9 of its reply brief, that is always the case and it is not
2 relevant to 101.

3 Judge Bryson said the same thing in the *British*
4 *Telecomms.* case when rejecting a similar, nonconventional
5 combination argument. And that's at 381 F.Supp.3d 293 at
6 310.

7 CHIEF JUDGE STARK: Okay. Thank you. You can
8 hand it over if you'd like.

9 MR. MARK SMITH: Thank you.

10 MR. HENDERSHOT: Good morning, Your Honors.
11 This is Mike Hendershot of Jones Day on behalf of Twilio.

12 Can you hear me okay?

13 CHIEF JUDGE STARK: Yes. Thank you.

14 MR. HENDERSHOT: So in the Twilio case, the 254
15 case, we only have claim 1 being asserted. So I'm going to
16 focus there. I really have three main points, two of which
17 are directed to Your Honors' questions.

18 With respect to Judge Hall's question about
19 sending less e-mails necessarily making a computer more
20 efficient or incidentally making a computer more efficient,
21 I don't think that is enough to save the claims here.

22 I'd like to direct Your Honors to slide 9 in our
23 presentation, in Twilio's presentation.

24 You had, in the *British Telecomms.* case,
25 Judge Bryson was dealing with similar arguments where the

1 patentee had argued that their purportedly improved message
2 system allowed the system to send fewer e-mails or send
3 fewer messages and avoid waste, then increase efficiency.
4 And Judge Bryson looked at the claims and recognized that
5 they weren't a technological improvement to how the computer
6 fundamentally operates.

7 And, in fact, the benefit of decreased e-mail
8 volume was one that was borne from the abstract idea itself
9 which was a long, established practice of trying to reduce
10 volume in communications, being in a hardcopy communication
11 or in an electronic communication.

12 And I think that is exactly the case that we
13 have here.

14 If I could flip back to slide 6 in our
15 presentation.

16 And I apologize for jumping around if you are
17 working with a hard copy as well.

18 This is an excerpt of claim 1 of the '965
19 patent. I think the claim is very clear, and I think
20 Pivotal agrees in its briefing, that claim 1 involves
21 preparing a message, preparing an encrypted comment and
22 attachment to the message that is intended just for a
23 subset of recipients, and sending both of those to all of
24 the recipients. That's the number of recipients in the
25 claim is the superset, and the selected subset are those

1 who are supposed to access the encrypted comment.

2 The claim itself is talking about sending a
3 series of encrypted comments, two people that aren't ever
4 intended to receive them. So that the claim itself is
5 reciting sending a lot of unnecessary redundant information.

6 So I don't think it is clear from the claims,
7 which controls, that you are going to see the benefit that
8 was alluded to.

9 Turning to slide 7. This is Pivital's
10 opposition brief in the '254 case.

11 They point to another embodiment where a message
12 is sent to all recipients but only the encrypted comment
13 goes to those who are supposed to receiving it, so people
14 only receiving the information that they're intended to
15 receive, and you don't have this redundant forwarding of
16 encrypted comments to people who never open them that is
17 addressed in claim 1.

18 And that difference is significant because --
19 turning to slide 8 -- when you get beyond the aspirational
20 statements about improved bandwidth and efficiency, when
21 the specs at column 3 in the '965 patent really talks about
22 here is the bandwidth benefit, they are tying it to this
23 embodiment that Pivital has acknowledged is not within claim
24 1, it is clear from claim 1's language is not covered, where
25 you are only sending the attachment selectively to different

1 users.

2 So that is an embodiment that is not reflected
3 in claim 1, certainly, and that is really where the patent
4 talks about, okay, in connection to this purported invention,
5 this is where you see the bandwidth benefit. That is where
6 it is.

7 So without that bandwidth benefit, they're
8 really left with that -- and I think this is the point
9 Your Honor was getting at was -- does the system let you
10 conceivably send fewer messages?

11 And they articulate this in their letter brief
12 to the Court at page 2. First of all, it is saying, "Look,
13 if you limit it to this before, it was necessary for
14 users to create and send separate messages: one for the
15 recipients of the common message and a separate one for
16 those receiving the particular instructions or comments."

17 That is not a problem. That is true of hardcopy
18 messages. That is true of electronic messages. That has
19 been true with form letters or attachments and numbers for
20 years before this patent. This is not a problem and a
21 solution that's arising specifically in the context of
22 computers or electronic messages.

23 So, yes, while you could have an incidental
24 benefit under this approach of sending fewer e-mails, that
25 is a result of this idea that has long been applied and

1 Judge Bryson addressed in *British Telecomms.* where you
2 have the benefit that would apply to hardcopy messages or
3 electronic messages.

4 So I don't think it is a benefit resulting
5 from a technological solution that would save the claims at
6 step 1.

7 I'd like to address briefly their argument as
8 well that they have a new message structure, which I believe
9 goes to Judge Stark's question about their allegation about
10 there is not prior art that has a message structure with a
11 message, a comment, and an icon.

12 First of all, I agree with co-counsel's comments
13 that at that stage, if you had to point to prior art showing
14 something evidence, something was known, I don't think you
15 would ever -- every patentee could argue you get past Rule
16 12, but you wouldn't ever resolve 101 or Rule 12, and I
17 don't think that is our burden or necessary under the law,
18 particularly with this claim.

19 If you look at this claim and what their actual
20 message structure is, it is a message with an encrypted
21 attachment and an icon indicating that there is an attachment.
22 That is what they point to. That is what they characterize it
23 at. That is what is claimed and is consistent with the spec.

24 Respectfully, an e-mail having a message with an
25 icon indicating that there is an attachment and having the

1 attachment encrypted is not a new structure. That is a
2 classic e-mail structure that we have all seen, with the
3 icon being either a little PDF thumbnail or a Word thumbnail
4 or a little paperclip indicating there is an attachment.

5 So, respectfully, I think you can look at the
6 claim and resolve it. This is not an unconventional
7 structure. It is certainly not an innovative or
8 unconventional technological solution.

9 And if I could direct Your Honors to slide 5
10 briefly in Twilio's presentation.

11 This is an image from their complaint that is in
12 there repeatedly; and this is Pivotal's annotation of the
13 graphic. It appears in paragraphs 19, 20, 22, and 23 of the
14 Twilio complaint.

15 And I think this reinforces that we're not
16 dealing with a new message structure here if you look at
17 how they are framing their claims and stating what they're
18 addressed to.

19 This is a picture from a Twilio website with a
20 receipt. And they -- in mapping the claim elements to this
21 in their complaint, Pivotal says the common message is the
22 logo and the preformed template with the delivery addressed
23 for the company. And then the comment, this comment that
24 you add to it, is just the receipt, which is what the person
25 purchased, and the buyer's address, whatever the custom

1 portion would be.

2 And that is the structure they're pointing to
3 and saying their claim was directed to.

4 And, respectfully, that is not a new message
5 structure. We have all been getting receipts in this format
6 for years.

7 The idea of populating custom information on a
8 preformatted or preprinted form is not a problem or a
9 solution arising specifically in computers. It is something
10 that was solved by letterhead or templates or form letters.

11 And this is the message that they're pointing
12 to.

13 So I think with respect to their argument that
14 they have a message structure, you can look at the language
15 of the claim and the specification, that is sufficient to
16 resolve it here. And that result is reinforced by how they
17 are framing their claims in the complaint.

18 I have used a fair amount of time. I don't know
19 how much time I have left, Your Honor. I'm happy to answer
20 any questions.

21 CHIEF JUDGE STARK: Just a couple of quick
22 questions here for either you or your co-counsel.

23 But you all have not agreed on what the abstract
24 idea is here at step 1. Does it make a difference that you
25 all have not agreed on that?

1 MR. HENDERSHOT: Your Honor, I think we have
2 different wording of really the same abstract idea. I don't
3 want to speak for co-counsel, but I believe we have the same
4 understanding.

5 The claim is really getting at how restricted
6 access in the context of electronic messages.

7 You can word that different ways. I wouldn't
8 object to their interpretation. I don't think they would
9 object to our articulation. But it is really getting at
10 restricted access to electronic information, and it is done
11 here in the context of electronic messages. And it is done
12 in ways that are entirely conventional and described with no
13 particular detail in the two-page specification.

14 So --

15 CHIEF JUDGE STARK: Okay.

16 MR. HENDERSHOT: -- I don't think it is really
17 material here, but if you think there is some issue, I'm
18 happy to address it more specifically.

19 CHIEF JUDGE STARK: Mr. Smith, do you agree it
20 doesn't matter which articulation of the abstract idea we
21 adopt?

22 MR. MARK SMITH: Yes, I agree with Twilio's
23 counsel that we're effectively saying the same thing.

24 CHIEF JUDGE STARK: All right. Defendants have
25 five minutes left which we'll save for you for rebuttal.

1 So we will turn now to plaintiff.

2 MR. BENNETT: Good morning, Your Honors. David
3 Bennett on behalf of the plaintiff, Pivotal IT.

4 In terms of the defendants' motions, there
5 are -- what they were focusing on is really an aspect of a
6 general solution rather than a specific claim solution to
7 the problem at hand.

8 The claim is resolving the problem of creating
9 customized messages for particular recipients without having
10 to create individual messages.

11 And of the two claims at issue in the
12 ActiveCampaign case, claim 1 and claim 11, that we work
13 differently, which I will get into.

14 But the claims themselves, when you read them in
15 the context of the specification, have some of the hallmarks
16 that the Federal Circuit has stated make the claims patent
17 eligible. They're rooted in computer technology to overcome
18 the problems.

19 And I'm looking at slide 3 of the presentation,
20 specifically arising in the realm of computer networks.

21 The way that the problem is described in the
22 specification has to do with improving electronic messaging
23 systems. So that is the intensity mentioned.

24 It improves the efficiency of using the
25 electronic device. And that is specific from *Core Wireless*.

1 And what happened in *Core Wireless* is it's -- they
2 specifically said: "The disclosed invention improves the
3 efficiency of using the electronic device."

4 And that patent in *Core Wireless* had to do with
5 an improved menu structure which made it easier for a user
6 to go through the system.

7 And that is one of the improvements that you see
8 here is as opposed to a user having to create two e-mails,
9 it allows the creation of one e-mail, and then the system
10 itself addresses what to do with everything.

11 But in addition, there is the improvement of
12 sending fewer messages. And defendants point to column 3 as
13 referring to that.

14 And, in fact, column 3 is referenced. It is
15 important because -- this is at line 39 to 43. It says:
16 "The process may be advantageous in a client-server
17 architecture where it is desirable to limit the transmission
18 of unnecessary data to each of the recipients in order to
19 avoid unnecessary consumption of network bandwidth."

20 So although that is in reference to that --
21 immediately before that, it talks about a different
22 embodiment. The fact that sending fewer transmissions
23 avoids unnecessary consumption of network bandwidth is also
24 relevant if you send fewer e-mails.

25 CHIEF JUDGE STARK: All right. Let me stop you.

1 I want to make sure I understand what you are saying.

2 This Figure 3 embodiment, do you contend that
3 that is captured in claim 1 or claim 11?

4 MR. BENNETT: No, Your Honor. What I'm saying
5 is that the benefits that are described with respect to
6 the Figure 3 embodiment are also important, are also
7 applicable when you are sending less messages. Because when
8 you are talking about Figure 3, part of it is included in
9 some of the embodiments where it talks about -- in claim 1
10 where it says -- at Figure 3, it refers to, it says "either
11 the common portion of the message or the common portion with
12 one or more of the comments."

13 So you are sending one message to each
14 recipient, and that is what you are doing in claim 1.

15 Claim 11 is not sending one message to
16 recipients. Claim 11 actually sends to two recipients two
17 messages to a subset of recipients. So --

18 CHIEF JUDGE STARK: In --

19 MR. BENNETT: So with respect --

20 CHIEF JUDGE STARK: In claim 1, you are sending
21 the general message as well as the encrypted data to
22 everyone, aren't you?

23 MR. BENNETT: That's correct. In claim 1, you
24 are sending one message; and in claim 11, to the subset you
25 are sending two messages.

1 So in claim 11, you would not necessarily have
2 the benefit of sending fewer messages.

3 CHIEF JUDGE STARK: All right. So how, in
4 either claim 1 or claim 11, are the claims telling us that
5 bandwidth efficiencies can be accomplished?

6 MR. BENNETT: Well, I think in terms of claim --
7 well, claims 1 and 11, if you look back at column 1 of the
8 patent, where it starts at line 35, it says, "In order to
9 communicate the same main message to all employees and to
10 provide additional information to selected groups of those
11 employees, multiple messages with different distribution
12 lists would need to be created, sent, and opened. Besides
13 being inconvenient to the user, this approach can also
14 create bandwidth issues and some type of messaging networks
15 also; for example, local area networks."

16 So in this portion of the specification it is
17 specifically saying if you send fewer messages, then you
18 have less bandwidth issues.

19 In the same section it is talking about
20 inconvenience to the user, which means that the way that the
21 system is designed, is it makes it easier or more efficient
22 for the user to use the system.

23 And that type of benefit is explicitly described
24 in *Core Wireless* licensing where they do talk about having a
25 simplified menu system, improves the efficiency of the

1 electronic device, which is an improvements to the system.

2 CHIEF JUDGE STARK: Now, what about *British*
3 *Telecomms.* and what Judge Bryson and also the Federal
4 Circuit had to say about what seems to be the same argument?

5 MR. BENNETT: Well, if you look at slide 9 of
6 what defendants pointed out, plaintiff slide 9 of Twilio,
7 what the language actually says is -- this is in the middle
8 box -- "Any such improvements to a messaging system,
9 however, is merely the consequence of using commonly
10 understood distribution techniques in the context of
11 electronic communication."

12 So what they're arguing in *British* -- well, what
13 the Judge was saying in *British Telecomms.* is that you're
14 just doing things the way things were ordinarily done. And
15 when you look at the claim language itself, in *British*
16 *Telecomms.*, which is on -- is it on slide ...

17 On slide 14.

18 What they're saying there is that there really
19 is no details in the claims. All we're doing is we're
20 distributing -- we're sending information, but there's
21 really not details as to what we're doing. We're just
22 sending -- we have distribution rules. We don't tell you
23 in the claims what those distribution rules are.

24 We said the first data message. We don't tell
25 you what that structure of the data message is.

1 We receive feedback. We don't tell you what
2 that feedback is.

3 And then based on the feedback, they use a
4 second set of rules for a predefined criteria based on the
5 feedback to decide what to send. But, again, they don't say
6 what that information is.

7 So *British Telecomms.*, when he is talking about
8 that they're just using commonly understood distribution
9 techniques, here it's just saying, well, if you have rules,
10 you have data messages, you have feedback and you respond to
11 the feedback. There is no details into the claim as to what
12 that is or how you are doing that differently.

13 In the claims of the '965 patent, they tell you
14 how they're doing it differently. The distribution rules
15 are explicit in the claims. You have a common portion which
16 goes to all recipients. You have a comment that goes to a
17 subset. You don't just have a first data message; you have
18 a structure to that message. You have a common portion,
19 you have an encrypted comment, and you have an icon or
20 instruction.

21 You don't just get feedback. Instead, you get
22 feedback by the recipient selecting the icon or performing
23 the instruction in order to review the encrypted
24 information.

25 And the response is not just simply, well, some

1 undefined rule. Instead, with respect to claim 1, the
2 rule is, if they respond, if they select the icon or the
3 instruction, you then have to determine if they're on the
4 subset list or the second address list. And, if so, then
5 they have access to that information.

6 Now, this is not the way that the *British*
7 *Telecomms.* court said using commonly understood distribution
8 techniques. As explained in the specification and in the
9 prosecution history, sending a message of this structure and
10 having this operation of selecting the icon and determining
11 whether they're on the second address list was not a
12 commonly understood distribution technique.

13 So that --

14 CHIEF JUDGE STARK: Where do you see that? Show
15 me where that is in the specification.

16 MR. BENNETT: Well, in the specification, it's
17 where it talks about what the commonly used distribution
18 techniques were in the background section where it said
19 users or the person would have to bring two individual
20 customized messages that would then have to be sent.

21 So there is no way for the user to create a
22 single message that could then be distributed to multiple
23 people in different ways.

24 And it is also discussed in the prosecution
25 history, which is on slide 10 where it talks about what was

1 the reason for allowance. And it was the inclusion of
2 "determining whether a particular recipient is allowed to
3 decode said encrypted comments by transmitting an icon
4 instruction with the common message portion and said
5 encrypted comment ..."

6 So that is the structure of the e-mail.

7 "... and determining if said particular
8 recipient has selected the icon or performing the
9 instruction and if so, determining if said particular
10 recipient is also on said second address list of said number
11 of recipients selected to review said comment in independent
12 claims." So that is what was used to overcome the prior
13 art.

14 So you had not only the message structure, but
15 you also had the operation of what would happen by requiring
16 a user to select the icon and perform the instruction, and
17 then comparing it to a second address list.

18 So both in the specification where it describes
19 how it was done in the prior art, and in the prosecution
20 history where it says this is not how the prior art did it,
21 I think that explains why it's different from *British*
22 *Telecomms.* when it says just a consequence of using commonly
23 understood distribution techniques.

24 You would not be able to use the common e-mail
25 systems in the prior art to create these message structures.

1 They just weren't arranged for that. And they wouldn't be
2 able to respond to the selection of an icon to check against
3 a different list.

4 So, again, this is not something that you could
5 even do with your common e-mail structures or e-mail systems
6 at the time. And, therefore, just like in *DDR Holdings*,
7 this sort of overrides the routine and conventional sequence
8 of events that would ordinarily occur when you tried to use
9 an e-mail system.

10 And so the prior -- or the column 1 describes
11 what the prior e-mail systems would do, and this is not
12 doing what the prior e-mail systems would do.

13 CHIEF JUDGE STARK: Address -- there are a
14 whole lot of cases from the Federal Circuit now that address
15 patents that basically provide for selective access to
16 certain resources, in a computer environment, for instance,
17 and the defendants analogize your claim to those.

18 Why is that not a persuasive analogy here?

19 MR. BENNETT: I think that in all the cases,
20 what they say is, it's not enough to come up with an
21 analogy. You know, it's always possible to come up with
22 some human analogy. There are many times where an inventor
23 says, you know, my invention was inspired by something.

24 But that doesn't mean that it's ineligible for
25 patent just because it was inspired by or that is how they

1 developed their invention.

2 So in terms of all we think about selective
3 access to information, the claim is really not fully
4 directed to the selective access of information.

5 What it is saying is that, how do I make it
6 easier and better and more efficient for someone to create
7 e-mails that allows for selective access information?

8 So the focus is not on the selective access for
9 information, it is how you do it. And that is usually what
10 the distinguishing point is in the claims of the patents
11 that are allowed.

12 And that is why I think *Finjan* is important on
13 the first step, and so is the *Uniloc* case; and these are on
14 slides 11 and 12.

15 In *Finjan*, on slide 11, the information that was
16 used to distinguish the claims and find that they were not
17 abstract was a step of generating by the inspector, a first
18 downloadable security profile, that identifies suspicious
19 code in the received downloadable; and then linking it to
20 the first downloadable security profile.

21 The claim itself does not say what the inspector
22 is. It does not say what the security profile is or how do
23 you generate it. And it does not say how you identify
24 suspicious code in the receipt of downloadable.

25 What the claim is directed to is having that

1 attached to the downloadable is really what is the inventive
2 concept. It is a new step of having something attached
3 together which ordinarily would not have been attached
4 before and doing it in a different location.

5 And so what Twilio, in their reply -- this is at
6 Docket Index 17 at 5, they say "scan programs did not and
7 could not identify potential threats, only previously
8 identified viruses."

9 Well, in the '965 patent, it's the same thing.
10 E-mail programs could not allow a user to create a single
11 e-mail with a common portion for the entire list and a
12 comment for a subset.

13 Nor could it respond to selection of an icon or
14 instruction to determine if somebody is on the second
15 address list.

16 So the way that the '965 patent is operating is
17 very similar to the *Finjan* claim in that, yes, I'm sure the
18 defendant in the *Finjan* case did say you are just claiming a
19 result because you are not having too much specificity -- or
20 we're not having enough specificity on what the downloadable
21 security profile is or how you identify suspicious code.

22 But what it is, is it is a combination of the
23 steps in *Finjan* is what makes it not an abstract idea, and
24 that is what makes it not an abstract idea here.

25 And it is also similar in the *Uniloc* case, which

1 is on slide 12.

2 The step or the part that was really -- that was
3 the focus of the inquiry was the last limitation, which is,
4 we're "adding to each inquiry message, prior to
5 transmission, an additional beta field for polling at least
6 one secondary station."

7 Polling secondary stations was known in the
8 prior art, but doing it in this way at this time was not.
9 So it wasn't a matter of, well, this was done before. No.
10 It is how is it combined in this claim, and the way it is
11 combined makes it non-abstract.

12 And the Court in *Uniloc* specifically addressed
13 that the fact that the invention was compatible with
14 conventional communication systems does not render it
15 abstract.

16 So this is the software claim, just like in the
17 '965 patent.

18 Just because you could modify an e-mail system
19 to be able to perform the claimed invention does not make it
20 abstract; that you use a conventional server, that you use
21 all these other conventional parts. That is not what makes
22 it abstract. You have got to look at the actual claim
23 language.

24 And that is what I think defendants' flaw is in
25 their argument is they do all this high-level analysis, but

1 they don't really look at the claim language.

2 So, for example, if you look at slide 7 of
3 Pivital's presentation, I have highlighted in the claim
4 language where the structure is and where the operation is
5 of the claim.

6 So you have the "creating the electronic message
7 with the common message" portion. That is delivered to a
8 number of recipients.

9 You have the comment that is attached with the
10 message. That is for the subset.

11 Then you step down to where it says "encrypting
12 said comment," so it is encrypted. And then with it, you
13 are "transmitting an icon or instruction with the common
14 message portion" instead of encrypted comment.

15 So that is the message structure, and that is
16 what was discussed in the prior art that wasn't something
17 that was done before.

18 And then furthermore, in the blue, you are
19 creating the two different message address lists, the main
20 one and then the subset, and then what you do is you
21 transmit the message, the encrypted comment, and the icon to
22 the user. And then to determine whether the user is allowed
23 to see it, then you have to see if they select the icon and
24 then, if so, determining if they're on the second address
25 list.

1 So there is a lot of specificity in this claim
2 in combination of not only how the structure of the message
3 is but also how the steps are performed. And both of those
4 were bound to be something different than what was in the
5 prior art. And so the systems are not operating in a
6 routine or conventional sequence of events. This is
7 something new and different.

8 And claim 11, if you move to slide 9, has a
9 different -- well, it has the same message structure. You
10 have the common message, the comment, and then the encrypted
11 comment along with the icon. So you have that.

12 Now, what this does, claim 11, is a little
13 different because it allows a user to still create one
14 message that contains all those parts. But then how this
15 system sends it is different. It sends the common message
16 portion to all the recipients, and then it only sends the
17 encrypted comment to a subset of the recipients.

18 So this operates different from claim 1, which
19 shows that these claims actually can cover two different
20 inventions. This is not abstract because there is a lot
21 of specificity, and it shows from the claims and how they
22 operate.

23 CHIEF JUDGE STARK: Where do you see in here,
24 these claims, that bandwidth conservation benefit being
25 captured in these claims?

1 MR. BENNETT: The bandwidth conservation would
2 be found -- in claim 1 is where the bandwidth conservation
3 is found because it is only sending one message to everybody
4 as opposed to sending two messages, which is one bandwidth
5 conservation. And that would be described in column 1 where
6 it talks about sending fewer messages.

7 Claim 11 has it a little bit different because
8 it is sending -- it can send less information in the second
9 message than in the first message. Because the first
10 message would be the common message to everybody, and then
11 the second message would just be the encrypted comment to a
12 selected subset.

13 So claim 11 sends -- as opposed to sending two
14 sets of messages of full data, it is sending a large message
15 and a smaller message.

16 So although there is some benefit with probably
17 a reduction in data, the advantage here is more directed
18 towards the benefit of being more convenient to the user
19 which is what is found in the *Core Wireless* case.

20 CHIEF JUDGE STARK: All right. You have a
21 little under 10 minutes left. Let me ask you a few more
22 questions.

23 So the parties seemed to have only argued about
24 claims 1 and 11. Are you accepting that those claims are
25 representative of all claims that could be asserted in this

1 case? And what would it -- what impact would it have on
2 the case if I'm persuaded that 1 and 11 do not survive the
3 motion?

4 MR. BENNETT: I think that 1 and 11 are not
5 representative. There was a reason why claim 6 was not
6 asserted. I'd have to go through it again to specifically
7 remember why it was not asserted, but it does have some
8 different aspect to it, which we did not believe was met by
9 either Twilio, SharpSpring's, or ActiveCampaign's systems.

10 So that is why claim 6 was not asserted.

11 CHIEF JUDGE STARK: All right. So claims 1, 11
12 are the only claims that are or would ever be asserted in
13 the three cases in front of me? Is that fair?

14 MR. BENNETT: Yes, Your Honor.

15 CHIEF JUDGE STARK: Okay. And then I'm a little
16 confused about your position on claim construction.

17 Your letter, the 101 letter that I had you write
18 me, says the briefing does not raise any claim construction
19 issues but then maybe seems to suggest that ultimately there
20 may be a claim construction issue.

21 What is your position? Is there some claim
22 construction issue I have to resolve in connection with or
23 prior to resolving these motions?

24 MR. BENNETT: My position is that sometimes you
25 don't know what the claim construction issues are until you

1 determine what defendants' noninfringement arguments are.

2 I would expect that they're going to come in
3 and say that they don't meet one or more of the limitations,
4 which then, therefore, would be relevant to whether it is an
5 abstract idea or not.

6 If they're saying, well, we have a system but,
7 in fact, we don't meet two or three of these limitations and
8 here is why, that would obviously impact, or it could be
9 relevant into whether there is a claim construction issue or
10 not. There could be fact issues.

11 But I found that sometimes when you get into
12 what their noninfringement arguments are, that is when you
13 really start to understand what their positions are as to
14 what the claims mean and whether there's claim construction
15 issues.

16 CHIEF JUDGE STARK: Are you arguing that
17 speculation should somehow deter me from resolving the
18 motion today?

19 MR. BENNETT: I would say that in the context
20 of a motion to dismiss, when you're weighing the factors in
21 favor of the plaintiff, if you are at a point where it is
22 something that could weigh, tip the balance point in one
23 direction if more information would help resolve the issue.

24 CHIEF JUDGE STARK: Okay. Those are my
25 questions.

1 JUDGE HALL: No additional questions, counsel.

2 CHIEF JUDGE STARK: You do have a few minutes
3 left. If there is anything more you want to add, feel
4 free.

5 MR. BENNETT: Yes, I would like to address
6 step 2 because defendants implied there was no issue on
7 step 2.

8 Plaintiff -- or I identified one claim -- one
9 case in the letter because that is what the Court asked.
10 That doesn't mean that I didn't think there were more cases
11 that would be relevant.

12 So I did think the *Finjan* case was relevant, and
13 so was the *Uniloc* case on step 1. But on step 2 -- this is
14 on slide 18 -- there is a problem with -- the way that the
15 problem is defined in the patent is not how the defendants
16 are defining the problem. They define it more as just
17 simply encrypting things. And everybody has always had this
18 problem.

19 But in terms of analyzing the claims, you're
20 supposed to do it in terms of the context and the
21 specification. And the issue was how to create customized
22 messages for particular recipients without generating each
23 message individually.

24 And this is in column 1, lines 15 to 18.

25 And it describes how -- what they did in the

1 prior art was they said, we would send one message to the
2 common -- one common message to everybody, and then you
3 would send a separate message to the recipient. So you had
4 to create two messages.

5 And so the solution to the '965 patent really
6 has more than just encrypting a portion of the e-mail to
7 provide selective access to it. Instead, it allows the user
8 to create single message, and that is contained within the
9 claims, as I described before, and that single message has a
10 common message for the entire group and comments that can
11 only be selected by, I believe by selected individuals.

12 So when you are looking at the abstract idea
13 that they are alleging, which is "selective access to a
14 portion of electronic message," the claims do more than just
15 claiming that. They claim it in a very specific way.

16 So when you are looking at what is unconventional,
17 you would look at, well, it creates a single message with a
18 common portion, encrypted comment, and an icon and instruction.
19 So you have a new message structure, and that is not
20 contained within their abstract idea. And then you have the
21 two lists of recipients.

22 But then claim 1 and claim 11 also reads how
23 they send and respond differently.

24 So claim 1 sends the entire message to all
25 recipients and determines whether the recipient can decode

1 the comments by the selection of the icon and if they're on
2 the second address list. So that's a different way that is
3 not included in the abstract idea for how to operate the
4 invention.

5 And then claim 11 sends the common message to
6 all, and then sends the encrypted comment and icon to a
7 subset; and if the icon is selected, can determine whether
8 it can decode the encrypted comment.

9 So, again, this is a different operation that is
10 more distinct and unconventional from what the abstract idea
11 is.

12 And this is very similar to the *Bascom* case,
13 which you will see on slide 19.

14 In *Bascom*, what they said is that: "... an
15 inventive concept can be found in non-conventional and
16 non-generic arrangement of known conventional pieces."

17 What defendants have said in their slides and
18 arguments is they say each individual piece is known in the
19 art. But they're not discussing the whole combination of
20 those pieces, not only in the combination of how the e-mail
21 is structured, but also how it operates.

22 So, again, in *Bascom*, they say, "Filtering
23 content on the Internet was already a known concept ..."

24 Well, what defendants are arguing here is that
25 selective access to a portion of electronic message was

1 already known in the prior art.

2 Well, then, what *Bascom* says is "the patent
3 describes how its particular arrangement of elements is a
4 technical improvement over prior art ways of filtering such
5 content." And that is what is happening here.

6 The structure of the e-mail is different. How
7 it defines whether a recipient has access to particular
8 selected information is different.

9 So it's not just doing the abstract idea. At a
10 minimum, it is the combination of the elements together
11 which makes it patent-eligible under the second step of the
12 analysis.

13 Defendants did not go into -- well, I guess, let
14 me address their *Prism Tech.* case.

15 Now, if you look at the *Prism Tech.* case, it
16 just talks about creating a new message for -- it is using a
17 hardware identifier to send that back and forth to basically
18 identify what the hardware is.

19 And if you read the claims, again, it doesn't
20 have any specificity. There is no message structure. There
21 is no information on what is contained in the message or how
22 things respond. It's just hardware identifier. That is how
23 we tell who you are.

24 So the *Prism Tech.* case really doesn't have any
25 details, and that is why, I think, that the claims in the

1 '965 patent are patent-eligible because they don't just
2 generally describe selective access to a portion of an
3 electronic message, they want to simplify how the message
4 is created and how the system responds to access to
5 selective -- access to the selected information.

6 The defendants did not address their other
7 summary judgment arguments. So unless Your Honors have any
8 questions on those -- I'm sorry, motion to dismiss
9 arguments -- I won't address those here.

10 CHIEF JUDGE STARK: Okay. No, that's fine.

11 And your time is up. So thank you very much for
12 the argument.

13 We'll turn it back to defendants for their last
14 five minutes.

15 MR. MARK SMITH: Hi. Thank you. This is Mark
16 Smith from ActiveCampaign.

17 I will be very brief, but I want to end going
18 back to the third ActiveCampaign slide, showing only that
19 generic components are disclosed here.

20 And I'd like to add to that, the discussion of
21 the icon in the patent at column 4, lines 9 to 17, and the
22 discussion of the applet or mini program with instructions
23 at line -- column 4, lines 41 to 48.

24 The patentees are just saying to generically use
25 the generic components without describing how to combine

1 them, or suggesting they're used or combined in some
2 unconventional way, and that is not a technological
3 solution.

4 So I think the slide kind of encapsulates the
5 two-page disclosure. And adding even with the applet and
6 the icon, the patentees are just saying, use them, and that
7 is not a technological solution.

8 With that, I will turn it over to Twilio's
9 counsel, Mr. Hendershot.

10 Thank you, Your Honors.

11 CHIEF JUDGE STARK: Thank you.

12 MR. HENDERSHOT: Thank you, Your Honors. I'll
13 try to be equally brief.

14 Just a handful of points.

15 Pivotal argued, I think, a number of times that
16 creating a common message with customized portions in a
17 single message or a single communication permits creation
18 and delivery of fewer messages.

19 Again, respectfully, that is no different than
20 the benefit you would get using hardcopy memorandum with
21 custom inserts or attachments. That is not a (no audio)
22 like what was recognized in the cases cited.

23 With respect to e-mail system capabilities
24 that were being characterized, you absolutely could create a
25 message with an encrypted attachment and have icons

1 indicating that there was an attachment on there. That is
2 sort of a fundamental e-mail format.

3 And that is exactly what (no audio), and I
4 believe that is how counsel characterized it. You have a
5 message with an attachment and an icon indicating there was
6 an attachment.

7 And presenting and determining if an icon has
8 been selected is one of the most conventional computer
9 activities since the advent of Windows. All they add to
10 that is checking the list and seeing if someone is on it.

11 I don't think they have innovated or added any
12 capabilities to the messaging system with respect to claim 1
13 as they claimed it, and I certainly don't think that it's --
14 it fundamentally changes the way a computer operates or an
15 e-mail system operates. And I have difficulty squaring that
16 argument with what they point to in their complaint which is
17 effectively a receipt.

18 With respect to the *Selective Access* cases,
19 absolutely think we're in line with that authority. What
20 they do, their way of checking to see if someone has access
21 is having something being generically encrypted and checking
22 the list to see if they're on it.

23 I think the *Dropbox* case, which we submitted a
24 notice of supplemental authority concerning that was decided
25 in June, is instructive here.

1 If you look at the technical detail in claims 1
2 and 8 of the '505 patent in *Dropbox*, you have, I think,
3 considerably more and materially more technical detail and
4 specifics as to what is being considered beyond checking a
5 list. And those claims in *Dropbox* were found to be
6 abstract; and for the same reason I think these should be
7 here, too. The generic encryption and checking the list
8 additions, if you will, are wholly conventional.

9 CHIEF JUDGE STARK: All right. What about,
10 there was reference in the argument to *Uniloc*. How do you
11 survive a comparison to *Uniloc*?

12 MR. HENDERSHOT: Thank you, Your Honor.

13 I think there is a little more to *Uniloc* than
14 what was suggested. I think *Uniloc* dealt with
15 communications of Bluetooth piconets.

16 The conventional protocol for communications in
17 those had cycles for inquiry and polling. This established
18 a conventional protocol that was used in virtually all
19 Bluetooth piconets led to latency when you had
20 battery-operated devices entering a park mode.

21 The Court found, as you might expect, that that
22 problem arose specifically in the context of Bluetooth
23 piconets. There wasn't a real-world analog, no one really
24 had to face this problem specifically -- the specific
25 technological problem outside of that context.

1 That is not the case here with trying to send
2 fewer messages.

3 And the Court found, and I think this is pretty
4 clear and pretty significant, that the specification in
5 *Uniloc* specifically identified this particular technological
6 problem that arose in the context of Bluetooth piconets.

7 And the Court found it described a particular
8 technological solution to it that overrode that established
9 and fundamental communications protocol with the inquiry of
10 polling cycles, and that the claim reflected that solution.

11 Counsel pointed to a data field. But,
12 respectively, that was a data field in connection with an
13 inquiry, and those inquiry and polling words carry a lot of
14 significance in that technological space.

15 With respect to *Uniloc*, neither the problem
16 nor the solution, according to the Court, existed outside of
17 Bluetooth. And I think that is a technological problem and
18 a particular technological solution in that Court's views
19 that I think is a far cry from the idea of having to say,
20 okay, we want to create fewer messages, or more efficiently
21 prepare messages to multiple people, and what we'll do is
22 have a common message and then we will attach something it,
23 or insert customized information.

24 That solution, if you will, is not a solution to
25 any problem particularly arising in computers; and I think

1 that that, frankly, is really what distinguishes it from
2 *Uniloc, Finjan, Bascom*, all of those cases that were cited.

3 CHIEF JUDGE STARK: Okay.

4 MR. HENDERSHOT: Does that answer your question?

5 CHIEF JUDGE STARK: Yes, and your time is up.

6 So thank you very much.

7 I thank all the counsel in the Pivotal cases;
8 and we'll move on now to InterDigital.

9 So we'll hear from the defendant first. I
10 believe the defendant is Lenovo.

11 MR. MICALLEF: Good morning, Your Honors. This
12 is Joe Micallef for Lenovo.

13 Can you hear me?

14 CHIEF JUDGE STARK: I can hear you just fine.
15 Thank you.

16 MR. MICALLEF: Oh, thank you, Your Honor. I
17 would like to reserve ten minutes of my time for rebuttal.

18 CHIEF JUDGE STARK: Yes, we'll try to let you
19 know when you have around ten minutes left.

20 MR. MICALLEF: Great. Thank you.

21 I'd like to start, Your Honors, maybe pointing
22 you to slide 2, which is -- of our slides, which is a
23 summary slide, or perhaps we could call it an overview of
24 where we think the issues are or how they've sort of fallen
25 out after briefing.

1 First and foremost, while the parties certainly
2 disagree on whether the claims at issue here are directed
3 to abstract ideas, I don't think there is any substantial
4 disagreement as to the focus of the asserted claims. We
5 sometimes use different words, formats, but generally
6 speaking, I think, with only a minor -- a couple of minor
7 distinctions, what these claims are all about, if that is
8 the focus of the case to say, we're pretty close in
9 agreement.

10 I think the difference in conclusion thus far
11 of the abstract idea in each one is driven by what I would
12 suggest to you is Interdigital's misunderstanding of the law
13 of step 1 in *Alice*.

14 And I'm going to go through each of these, but
15 generally speaking, I think step 1 of *Alice* is satisfied
16 only when the claims recite a non-abstract technical
17 improvement.

18 And the cases that have followed *Alice* have
19 been pretty clear that just generic results-oriented claim
20 language or claim language that recites mathematical
21 operations, that doesn't cut it for step 1 in *Alice*. I
22 think that is the line or difference between the plaintiff
23 InterDigital and Lenovo as far as step 1.

24 As far as step 2, I think you will see that in
25 each case -- well, there are sort of two ways in which,

1 again, I think InterDigital is misapplying the law.

2 First of all, if you read that first amended
3 complaint, all of these allegations they're pointing to
4 are utterly conclusory. In each one, it's a quotation or a
5 recitation of claim language and then the statement "It is
6 not routine."

7 And then another claim element recited, and
8 then, "Well, that is not routine."

9 This Court and the Federal Circuit and many
10 other courts have said time and again that is not enough.
11 That is not enough. You have to plead facts that show a
12 substantive plausibility, and merely say pleading that "we
13 satisfy the law" is not enough.

14 Secondly, again, on step 2, I think there is
15 sort of a confusion in their analysis of step 2 of *Alice*.

16 Step 2 asks what is in that claim other than the
17 abstract idea that constitutes significantly more than the
18 abstract idea?

19 The abstract idea doesn't count for step 2 of
20 *Alice*. And I think in several of these claims in their step
21 2 analysis, they are pointing and relying on the abstract
22 idea.

23 So with that --

24 CHIEF JUDGE STARK: All right. Yes, before you
25 jump in, let me ask you a few questions.

1 So, first of all, I guess, at step 1, your
2 articulation as to what step 1 law is, I want to make sure I
3 understand how you fit in particular the *Uniloc* and the *KPN*
4 decisions.

5 If I were to be persuaded by you that what you
6 just articulated is the way to look at step 1, how do you --
7 how do I also adhere to what the Federal Circuit is telling
8 me in *Uniloc* and *KPN*?

9 MR. MICALLEF: Yes, it's a great question.

10 So in *Uniloc*, as you may recall, it's claims 2
11 to 5 that were before the Court.

12 And they, in claim 2, specifically claim an
13 additional data field in a message that permitted two
14 operations to occur basically at the same time where in
15 the prior art, there was a message, it didn't have that
16 data field, and you had to do these two operations at two
17 different times.

18 So the benefit was you could do it at the same
19 time.

20 But it wasn't the benefit that was claimed that
21 saved that claim from a 101 challenge. It was the fact that
22 claim 2, which was the main claim at issue that the others
23 depended from claim 2, specifically claimed that additional
24 data field in the message.

25 And what is interesting about that case, Your

1 Honor, if you go back and read it, the District Court in
2 that case actually found claims 1 to 5 ineligible. And the
3 patentee did not appeal the independent claim, claim 1.

4 I submit to you -- and we don't know, this is
5 speculation, I admit, but I submit to you it is because
6 claim 1 didn't have, didn't recite the additional data field
7 in that message.

8 And so there wasn't that specific claiming of a
9 non-abstract technical improvement. That is what happened
10 in *Uniloc*.

11 And the same thing in *KPN*. Again, in that case,
12 I think it was claims 2 to 4. The relevant aspect of the
13 claim was a dynamic check data generator. So it's a part of
14 the computer that generates check data to determine if there
15 is an error, potentially, in some data that is communicated.

16 The prior art had that, but the supposed
17 advance, or the advance claims recited and described in the
18 patent was that their check data generator was dynamic;
19 that it had buried how it generated the check data in time.

20 That was recited specifically varying that
21 process in time in claim 2. So, again, it specifically
22 claimed a non-abstract technical improvement.

23 And I think in that case, also, by the way,
24 claim 1 was, I think it was found patent ineligible and it
25 didn't have that: vary the check data generation in time.

1 So it didn't have the specifically claimed non-abstract
2 technical improvement.

3 And I think this is -- you can look at other
4 cases, too. I know *Finjan* was mentioned a couple times in
5 the last argument.

6 I think it was exactly the same thing. In
7 *Finjan*, it was adding a security profile to a downloadable
8 profile. But it was specifically claimed that was the thing
9 that was a technical improvement. It was non-abstract, and
10 it was specifically recited in the claim.

11 So that is my answer to your question.

12 CHIEF JUDGE STARK: To some extent -- so there
13 are -- *Two-Way Media* is arguably at least supportive of a
14 different approach. Is it fair -- I guess two questions
15 here:

16 How many decisions do you think I have to make?
17 You've put six claims of six different patents at issue in
18 your motion. Are they really six different ones, or are
19 they largely the same question about how to approach in
20 particular the step 1 analysis?

21 And regardless of the answer to that one, for
22 some of these patents at least, is it I need to decide is
23 this really a *Two-Way Media* case or is this a *Uniloc/KPN*
24 case?

25 Is that a fair analysis?

1 MR. MICALLEF: Yes. So, first of all, there are
2 six patents, but there's two groups of two, right, because
3 of the same specification, and the claims are very similar.
4 And I think -- I submit, in those groups, those two raise
5 the same issue.

6 But as far as *Two-Way Media*, I'm not so sure
7 that is -- it's a totally different approach.

8 I mean, *Two-Way Media* found the claims to be
9 patent ineligible, but the reason the Court found them to
10 be ineligible there was because the supposed improvement,
11 technical improvement, was not specifically claimed in the
12 claims in a non-abstract way.

13 In that case, of course, it was a system for
14 multigathering, and a supposed improvement -- because there
15 had been multigathering before -- was the architecture of
16 the system; the various servers doing different levels of
17 functionality, et cetera.

18 And some of that was actually in the claims,
19 but the Court found, the Federal Circuit found that that
20 architecture was not specifically claimed. And so what
21 was in the claim was really just this sort of generic
22 results-oriented language and, therefore, those claims were
23 directed to an abstract idea.

24 So I'm not so sure it's a completely different
25 -- in fact, I don't think it's a different approach. They

1 came to different results, *Uniloc* and *Two-Way*, but that's
2 because the non-abstract technical improvement was actually
3 recited in a claim in *Uniloc* and it wasn't recited in the
4 claim in *Two-Way*.

5 CHIEF JUDGE STARK: All right. And going back
6 to the grouping part of the question, is it three groups or
7 is it now four groups? Are these really six patents?

8 MR. MICALLEF: I think it is four groups.

9 I think the '873 is sort of its on own.

10 And the '665 and '954 share a specification, the
11 claims are very similar.

12 The '726 and '449 also share a specification and
13 the claims are very similar.

14 And the '612 is, the claims -- the claim is a
15 little bit different there so that would be also on its own.

16 So four groups.

17 CHIEF JUDGE STARK: All right. And then what is
18 the impact of granting the motion?

19 Let's just say on your best day I grant the
20 motion in full. Does that mean those six claims, one claim
21 per patent, is out of this case, or does it mean that those
22 six patents are out of this case?

23 MR. MICALLEF: No, I think it means you have to
24 dismiss the six counts that relate respectively to those six
25 patents because each patent is in a different count.

1 And the reason for that is if the count doesn't
2 sufficiently allege a plausible case, then it should be
3 dismissed under 12(b)(6). And in each case, they've only
4 advanced allegations relating to that single claim.

5 And so if those allegations don't cut it for
6 12(b)(6), that the allegations in that count should be
7 dismissed.

8 Now, I guess you might ask me, the next question
9 might be, well, what do we do after that?

10 CHIEF JUDGE STARK: I was getting there, sure.
11 I mean, they would presumably want to amend. They, I don't
12 think, have ever said that they are never going to assert
13 any of the other claims against your client.

14 MR. MICALLEF: Yes.

15 CHIEF JUDGE STARK: So why wouldn't they be
16 right about that, that they at least get a shot?

17 MR. MICALLEF: Sure. A couple of points on
18 that.

19 I think it would be futile, and here is why.

20 Just to review the bidding here, they filed this
21 complaint I think, in August 2019; and we filed a motion to
22 dismiss that was basically asserted, basically the same
23 issues that you have before you today.

24 They filed the first amended complaint. They
25 didn't add any additional claims. They added some

1 allegations of fact this sort of bald, conclusory
2 allegations, but they didn't add any claim.

3 So the first point, and I guess several more,
4 the first point is from that, I think you can assume that
5 if they had a good faith basis to assert other claims, other
6 claims that raise different eligibility issues, not only
7 they would have done it, but they should have done it
8 because they were on notice that we were looking at the
9 eligibility of their claims and we were going to attack
10 that.

11 But more than that, Your Honor, this is a
12 standards case. And they're asserting these claims against
13 technical standards and cellular standards. So they have
14 all the information they need to make a determination
15 about whether they can allege with a good-faith basis a
16 standards-based infringement theory. And they had it before
17 they filed the original complaint, and they had it when they
18 served their -- or filed the first amended complaint. And
19 nothing has changed in those standards.

20 So, again, you can assume that they could have
21 put other claims in the patent, and they should have. And
22 so I think it's futile.

23 And when we think about it, if it is one of my
24 best days, and you agree with me on all these things, where
25 do we go if you do also give them permission to amend?

1 Well, I submit, you know, unless they are
2 sitting on a claim that raises different eligibility, it
3 seems very unlikely to distinguish a situation. We're going
4 to be right back in one of these 101 days and it's going to
5 be a situation where your prior decision is going to be law
6 of the case. That just seems terribly wasteful.

7 So I guess I would end with this. If that is
8 the way it goes and you're inclined to let them amend, what
9 I would ask is you make them file a motion to get permission
10 to amend under Rule 15 and have them attach the second
11 amended complaint so we can make a determination or you can
12 make a determination whether any different eligibility
13 issues are raised by the plaintiffs. And one of the reasons
14 I do that, I've ask that is I've looked at these claims a
15 lot and I don't see any -- to tell you my opinion, I don't
16 see anything.

17 These claims have been sort of classic claim
18 prosecution where one independent claim is to a user
19 equipment for performing Functions A, B and C, and then
20 there's another independent claim that is a method of
21 operating user equipment for proposed Functions A, B and C.
22 There are not going to be any different eligibility issues
23 on those kinds of claims.

24 CHIEF JUDGE STARK: Okay.

25 MR. MICALLEF: So that's my position.

1 CHIEF JUDGE STARK: And I want to get you back
2 to the more substantive 101 question, but just to confirm
3 all of this. I don't have the briefing in front of me of
4 which I can make a finding that the claims you put at issue
5 are representative of all the other claims, and therefore
6 even on your best day I think you are not asking me to issue
7 a decision that all of the claims of all of these six
8 patents are patent ineligible. You're just saying amendment
9 would be futile, and maybe from a case management
10 perspective it's too late to let them amend, but my decision
11 on the merits wouldn't extend beyond just the six claims
12 that you've put at issue.

13 Do you agree with all of that?

14 MR. MICALLEF: Well, if you dismiss with
15 prejudice a count, I'm not so sure that last part is
16 correct. It would be just dismissing that count and that
17 claim. But its effect, I have to say I don't know for sure
18 what the whether res judicata effect would be down the road
19 of that action.

20 CHIEF JUDGE STARK: Okay. All right. That's
21 fine. I will let you proceed.

22 MR. MICALLEF: Okay. And I'm just going to walk
23 through these, Your Honor, unless you want me to do it some
24 other way. I was going to walk through them in the order
25 that they were briefed.

1 CHIEF JUDGE STARK: That's fine.

2 MS. MURRAY: Okay. So let's start with the
3 '873 patent, and if I could direct you to slide 5 of our
4 slides.

5 The only claim mentioned in this particular
6 count is claim 6 and we have it up there on the slide. It's
7 directed to what they call a WTRU wireless transmit/receive
8 unit, which is sort of charging for a mobile phone or some
9 kind of subscriber unit. That is on the one claim element.
10 Circuitry configured to trigger transmission of scheduling
11 information from that phone to the base station in response
12 to that phone having a non-zero grant smaller than needed,
13 preventing the transmission of certain data.

14 So scheduling information, transmission of
15 scheduling information is a way, I don't think anybody
16 disagrees with this, it's a way for the phone to request
17 some uplink bandwidth, to sort of tell the base station I
18 have data I need to send, give them permission to do that.

19 So if you go to the next slide, slide 6, we
20 proposed that this claim is directed to the abstract idea of
21 requesting additional bandwidth when the previously
22 allocated bandwidth is insufficient.

23 Now, their characterization, which is also on
24 this slide, which is page 4 of their opposition, gives
25 it somewhat different wording, but I submit to you it's

1 the same idea. They argue that the inventor proposed
2 changing the phone, the cellular handset to trigger the
3 transmission of scheduling information. That is a request
4 for additional bandwidth and that's done when the phone has
5 non-zero grant smaller than needed. Well, that's when the
6 previously allocated bandwidth, the grant is non-zero, is
7 insufficient.

8 So I submit to you, either way, this is -- these
9 are the same ideas. Ours is sort of, and I have sort of
10 filtered out all of the technical jargon, which I guess the
11 Federal Circuit in the recent *Ericsson* opinion seemed to
12 shine some light on that. That's exactly what they did in
13 that case.

14 So why is that abstract? Well, first of all,
15 it's a very broad general concept requesting additional
16 bandwidth when what you have is insufficient, and it's
17 analogous to, well, real world, the same concept used in
18 very familiar context in the real world.

19 I think in the brief we pointed out, if you have
20 a letter to send, your envelope is not big enough, what do
21 you do? You ask for a bigger one. That's a real world
22 concept that employs the exact same concept, and I think
23 that's powerful evidence that this is an abstract idea.

24 In addition, this doesn't really alter the way
25 the prior art phone worked. If you look at slide -- for

1 basically two reasons. If you look at slide 7 -- I'm sorry,
2 slide 8. What I have on slide 8 is a passage from the
3 background of the '873 patent, and you can see in this
4 portion of the background, the patent basically says that in
5 the prior art, the phone could get blocked or interrupted
6 when its power grant, power issue grant falls under the
7 minimum required transmitted data.

8 So that power issue is the allocation of
9 resources. And so in that case, you can see in the
10 highlighted second paragraph there, when that situation
11 occurs, the phone cannot transmit until the time it is
12 scheduled to transmit a scheduling information. So what
13 this is saying is in the prior art, this exact situation
14 occurred. There could be a situation where the phone had
15 data, they had grant of uplink resources, but it wasn't
16 sufficient to send all of that data, so it had to request
17 more.

18 The difference is that this said you have to --
19 the problem is that the phone had to wait until some later
20 time to make the request for additional uplink resources.
21 So that's how prior art phones work. Interestingly, if you
22 go back and look at claim 6 of the '873 patent, it doesn't
23 say anything about when you ask for more uplink resources.
24 It just says, you know, you trigger the request for
25 additional information when you don't have enough.

1 So this claim by its very terms doesn't alter
2 the way the prior art phones worked, at least when you take
3 into consideration the background of the invention disclosed
4 in the '873 patent itself. So we submit this is directed to
5 an abstract idea.

6 Moving to step 2, if you could go to I guess
7 slide 9, they essentially say that the triggering phrase
8 of this claim is the non-routine claim element that adds
9 significantly more to the abstract idea, but as we pointed
10 out in our slide brief, that is the abstract idea. So this
11 is a classic example of the patentee saying, well, I'm going
12 to go to step 2 and I'm going to say that significantly more
13 is the abstract idea, which, of course, Alice says you have
14 to look at what else is in the claim, find something else in
15 the claim that adds significantly more.

16 They also, just for completeness, on slide 10,
17 they do have a paragraph in the first amended complaint,
18 first amended complaint where they recite some of the jargon
19 from this claim, the 3GPP WTRU MAC-d flows. And they say
20 the functional aspects and design of these components were
21 unique and therefore not routine.

22 But I just point out that claim 6 doesn't recite
23 any of the functional aspects and design of those
24 components. Those words were in the claim, but nothing
25 about them is, so that can't be the something else in the

1 claim that adds significantly more as required by step 2 of
2 *Alice*.

3 JUDGE HALL: Counsel, this is Judge Hall.

4 So you talked about *Uniloc* more generally before
5 and I just want to compare the claim at issue in *Uniloc* more
6 specifically with the claim here. Right?

7 So *Uniloc*, you can say that the specific
8 technological suite that they're adding is this idea that
9 they're just going to add data field for tolling. And so
10 under your argument, I mean, *Uniloc*, it seems to me, would
11 be invalid. That the idea is tolling at the same time you
12 set up that an inquiry, that is the idea, and then that is
13 always going to fail under step 2 because all this claim is
14 the idea.

15 So tell me why the *Uniloc*, just adding that
16 appeal is not abstract, yet here adding circuitry configured
17 to trigger transmission of certain type of information,
18 which sounds a lot to me like adding some type of a data
19 field and transmitting it is not abstract.

20 MR. MICALLEF: No. I think there's a big
21 distinction. In *Uniloc*, the claim, claim 2 actually said
22 for adding to each inquiry message prior to transmission an
23 additional data field for polling, at least one secondary
24 station, that is a specifically claimed alteration of prior
25 art primary station that apparently provided a technological

1 improvement. What's in this claim is circuitry configured
2 to do something. It doesn't say and with a data field, I
3 will let you do that. So in your hypothetical, that data
4 field that you can assume you might use to do that is not
5 recited in the claim and that's a distinction.

6 This claim language --

7 CHIEF JUDGE STARK: And --

8 MR. MICALLEF: I'm sorry. Go ahead.

9 CHIEF JUDGE STARK: Sure. The circuitry, and
10 going back to paragraph 48, these other components, what is
11 it that would allow us to say at this stage that none of
12 that would have been viewed as anything other than
13 conventional, well understood and routine? This seems
14 like a selective, almost conclusory argument that you are
15 making.

16 MR. MICALLEF: No. My point is, Your Honor,
17 what they say is not routine. It's not 3GPP WTRU. They say
18 the functional aspects and design of that thing is not
19 routine, but the claim doesn't recite any of the functional
20 aspects and design of those things. Maybe they are. Maybe
21 they're a functional aspects of a MAC-d flow that wasn't
22 seen, but you are not going to find that in claim 6. So you
23 don't have to -- I mean, you don't have to make that
24 decision whether a 3GPP WTRU had functional aspects of a
25 routine or not because they're not claimed.

1 Did I answer your question?

2 CHIEF JUDGE STARK: I think so. Yes. You can
3 move on if you want.

4 MR. MICALLEF: Okay. If I can move on to the
5 '665 and '954 patents, we put the claims on slide 12 and we
6 have them here as we put them in the claim, excuse me, in
7 the brief next to each other and color coded, and I think
8 it's helpful.

9 Just a little background. The invention
10 described in the specification here is a way to solve a
11 supposed problem in the prior art, and the problem was that
12 if a phone receives a message from the base station to which
13 it should send back an acknowledgment of some kind of
14 feedback message, in order to send that acknowledgment, it
15 has to ask for permission for uplink resources so that it
16 can send the acknowledgment, and then once it gets the
17 permission, then it will send the acknowledgment. And this
18 specification, this is the same specification, cites it as a
19 problem because it's an additional step and weighs the
20 resources.

21 And so the solution to that, according to this
22 specification, is that you send a message down and that the
23 phone will send an acknowledgment that a predetermined time
24 interval after receiving the message.

25 And so if you look at on this slide claim 18 of

1 the '665, the red part, the red text is just receiving the
2 message, circuitry configured to receive again, for all
3 generic result oriented claim language. And the blue stuff
4 is transmitting it back, a predetermined time interval
5 later, right, circuitry configured to transmit.

6 If you look at claim 1 of the '954, it's
7 essentially the same invention recited, the red is again
8 circuitry configured to receive, the blue is again circuitry
9 configured to transmit, in this case, feedback information,
10 but again it's after a predetermined time interval.

11 The green part in this claim 1 of the '954 is
12 simply the prior art technique. If you read through it,
13 if you have a grant for uplink resources for the feedback
14 information, well, then, you use that, and then in the
15 last paragraph there in the blue, if you don't have that
16 uplink.

17 So claim 1 of the '954 basically recites an
18 apparatus that does it the old way and the new way, if you
19 will, if I can generalize.

20 So why is this abstract? Again, this is result
21 oriented language. Circuitry configured, you know, to
22 perform a result, to receive something, circuitry to
23 transmit something. Very broad. It's effectively, as we
24 point out in the brief and described in the specification,
25 it's based on a simple formula. You transmit that

1 acknowledgment a certain number of time slots after you
2 receive the initial message. So it's received time slot
3 plus N I think is the mathematical equation that they
4 described in the specification.

5 So we say, I think it's the next slide, slide
6 13, and we say, we proposed these claims are really directed
7 to the abstract idea of receiving a message and where no
8 time interval for response is indicated, transmitting
9 response at a predetermined time interval. And, again, as
10 you can see on this slide in their opposition, they really
11 seem to characterize the focus of this claim in the same
12 way. They are talking about what the inventor proposed.
13 They say the CDMA described the unit perceives a message
14 from the base station, and automatically, i.e., without
15 receiving an allocation, sends an acknowledgment that it has
16 in the second time interval positioned the predetermined
17 time period away. So, again, it's a different word form,
18 but it's directed to the same focus. I think we agree on
19 what the focus of these claims are.

20 And so, again, why is it abstract? As I said,
21 it's result oriented claim language. It's basically putting
22 into effect a formula, received time slot plus N, and it's
23 not really altering, or it's not altering how the prior art
24 phone worked. All this is is using the phone, which is sort
25 of a computer, as a tool to carry out this abstract idea.

1 It's saying the acknowledgment was in the prior art too on a
2 particular channel. It's here. It's just using the
3 computer to calculate when or to choose when, so it's using
4 the computer as a tool.

5 So moving to step 2, I think slide 15. Again,
6 the allegations in the first amended complaint are arguing
7 that this particular abstract idea is the thing that's not
8 routine or conventional. All right. Sending a response at
9 a predetermined time without receiving a specific
10 allocation.

11 And as I pointed out in sort of my summary or
12 overview of my argument, under *Alice*, that doesn't count.
13 It has to be something under step 2 of the *Alice* analysis.
14 It has to be something other than the abstract idea.

15 CHIEF JUDGE STARK: Mr. Micallef, you have
16 ten minutes left.

17 MR. MICALLEF: All right. Well, then, Your
18 Honor, I think I would like to reserve the rest of my time,
19 if I may.

20 CHIEF JUDGE STARK: All right. Before I turn it
21 over to plaintiff, let me just try to understand a little
22 bit more about the impact of the motion. Let's just say if
23 for any one of these patents I think you have not met your
24 burden at step 2, I think it would follow I must deny the
25 motion with respect to that patent. In that world I think I

1 don't have to address step 1, but I want to know if you
2 disagree with that, and then I want to further know in that
3 instance, if I reach that conclusion, do you want me to
4 address step 1 or do you want me to refrain? It seems to me
5 that the impact of that would be if I do address step 1 and
6 you prevail, well, then, you know down the road you only
7 have to prevail to step 2 to get rid of that claim. On the
8 other hand, if you lose at step 1, then I think the 101
9 issue is done for this case for that patent.

10 So respond to all of that. I'm looking to where
11 you disagree, if you do, with that framework, and also what
12 preference you have, if any.

13 MR. MICALLEF: I think we said it generally
14 correct. I think that there could be times when you may
15 have to decide step 1 before step 2, but I think I would
16 prefer if you come to the conclusion that step 2 torpedoes
17 my motion and you don't have to decide step 1, I think, yes,
18 that's in my interest, or my client's interest, I should say
19 so that's what I would prefer.

20 CHIEF JUDGE STARK: Okay. Thank you for that.
21 We'll save your time for rebuttal.

22 MR. MICALLEF: Yes.

23 CHIEF JUDGE STARK: And we'll turn it over to
24 InterDigital then.

25 MR. RYAN SMITH: Good morning, Your Honor. This

1 is Ryan Smith for InterDigital.

2 And, first of all, the challenged patents are
3 not abstract. They are directed to approved wireless
4 signalling techniques between cellular handsets and base
5 stations. As we heard from defendant, they say they're
6 filtering out jargon, but in truth they are filtering out
7 the claimed improvement.

8 And this is not a case where longstanding
9 business practices were implemented on general purpose
10 computers and patents, challenged patents solved technical
11 problems which arose exclusively in the context of cellular
12 transmission. They are not performed on general purpose
13 computers at all. We didn't hear anything from defendants
14 suggesting they were.

15 Now, *Alice*, step 1, entails looking at the
16 claims advanced over prior art to determine the claim's
17 character as a whole, and defendants' alleged abstract ideas
18 are entirely wrong. They ignore the specific improvement,
19 filter them out, so to speak, and we, in contrast, looked at
20 the specific improvement over the prior art, and we have
21 some slides we put together today to explain that.

22 As to the analogous cases, which is also
23 important in a step 1 analysis, the cases the defendants
24 have identified as mostly analogous are not at all
25 analogous. They've identified the *Ericsson* case, which as

1 we've heard involves controlling access to software and its
2 claim wasn't limited to any particular technical
3 application. It could have been performed on general
4 purpose computers.

5 They've identified the *Two-Way* case, which we've
6 heard about earlier today, involving streaming of audio
7 visual content. Again, it could have been performed on
8 general purpose computers. It wasn't limited to a specific
9 technological area.

10 They've identified *Cybersource* as supposedly one
11 of the most analogous cases. It involves credit card
12 transactions.

13 And they've also identified the *In re Grahams*
14 case in their letter brief, and that was a pre-Alice case
15 involving clinical aspects. So in none of these cases they
16 have said are the most analogous or anywhere close to what
17 the *InterDigital* cases are.

18 I think we've talked about the *Uniloc* case
19 already today, and in our view, that is the most analogous
20 case. The *KPN* case is also analogous. And as suggested,
21 *Uniloc* generally, the analogous nature of the case is
22 because in that case, the idea was reducing latency by
23 adding a field to a message in the context of wireless
24 communications, and here we're talking about the same sort
25 of discrete improvement. We are changing the specific

1 messaging in different fields. In some cases they are
2 provided between a cellular device and the base station.

3 In our view, these claims are not abstract so
4 the Court needs to reach step 2, but if the Court does, the
5 allegations are plausible. We didn't merely recite claim
6 language and say they were inventive. We relied primarily
7 on statements in the prosecution history as support for
8 which elements were inventive concepts. So rather than
9 accept the defendants' invitation to engage in technical
10 fact-finding, it could be prudent for the experts later on
11 in the case to weigh in on some of these important step 2
12 issues.

13 Now, I think we talked -- I can go in the
14 order that we discussed with the defendant starting with
15 the '873 patent first, and with respect to our slide deck,
16 on slide number 4, we have a diagram we prepared based on
17 the claim language that really gets at what the prior art
18 problem was and really what the solution offered by the
19 invention really was, and so if we can walk through slide 4
20 very quickly.

21 So here is an annotated version of Figure 1 from
22 the '873 patent, and we have some different instances in
23 time, to use an example, and the first instance, we have two
24 MAC-d flows, and these are specific types of data that is
25 being sent from the cellular device to the base station.

1 And as described in the patent background, say a device does
2 not have a grant, which is effectively permission to send a
3 cellular message to the base station, that is a trigger that
4 allows the cellular device to send a scheduling request, and
5 so in this instance, number one, there's no grant, so the
6 device goes ahead and sends a scheduling request.

7 And then in two, the scheduling request has been
8 sent and now the base station has provided a grant, which is
9 permission to send a certain amount of data. And according
10 to this particular cellular standard to which the '873
11 patent is limited, you could only send data in the size of a
12 protocol data unit. You can't send data that is smaller
13 than that amount.

14 So in this case, we are -- we have enough to
15 send one protocol data unit, and so the device goes ahead
16 and sends one of the MAC-d flow data elements to the base
17 station, and then at some point, and the patent describes
18 there are various reasons why this can happen, the grant can
19 be reduced or could be reduced to a lower level. It could
20 be reduced to a level that is too small to send even a
21 single MAC-d flow.

22 So that's what we have in instance three. The
23 grant has been -- is now smaller, too small, and there's not
24 enough grant to send the remaining MAC-d flow.

25 And so now we effectively have a Catch 22, and

1 this is in the prior art. The grant is too small to have
2 data, but because the cellular device already has a grant,
3 it's not able to send a scheduling request. There's no
4 triggering point to cause the scheduling request at that
5 point.

6 So then we get to the actual -- if we go to
7 slide 5, we can see where the improvement in the '873 patent
8 is, and this is shown in what we have as steps 3 and 4,
9 which are circled here.

10 So in step 3, we have now the improvement is the
11 fact that you have a non-zero grant that is too small to
12 send the MAC-d flow, that based on the invention is now a
13 trigger to send a scheduling request to the base station.
14 So that's the new -- a new trigger that was added
15 specifically to address this problem.

16 And in response, the base station can now get
17 the scheduling request and say, okay. It needs another
18 grant here to send the data and it can effectively
19 supplement the grant, provide additional grant so that now
20 the cellular device has enough grant to send the remaining
21 MAC-d flow to the base station. So it avoids the blockage
22 condition that is seen.

23 And I think we heard from the defendants that,
24 you know, in their view, this was performed within the prior
25 art and discussed in the patent, and this was in their slide

1 8. But what's discussed there, and this is at column 2,
2 lines 11 through 32, it's just talking about in the prior
3 art, a scheduling request could be periodically sent over
4 time by the cellular device to the base station, but that is
5 different. Sending a scheduling request periodically over
6 time is different than triggering the scheduling request
7 based upon insufficient grant.

8 So the problem the inventors were looking at
9 was, yes, sure, you may be able to eventually resolve the
10 blockage because eventually a scheduling request is sent,
11 but there is a latency created by the potential of having to
12 wait until the next time you're able to send a scheduling
13 request. So that was the specific problem we were talking
14 about, this latency caused by the blockage, and that's the
15 specific problem the inventor was trying to solve.

16 Now, and, again, that entire concept is missing
17 from the defendant's alleged abstract idea. There's simply
18 no mention of what that is. And so really what the patent
19 is really directed to, the '873, is triggering a scheduling
20 request when the transmit-and-receive unit has a non-zero
21 grant, smaller than needed, to transmit any schedule MAC-d
22 flow. So it's really important the triggering request is
23 key here and is entirely missing from what the defendants
24 say the abstract idea is.

25 Now, on slide 6 of our presentation we have

1 the different inventive concepts that are alleged in the
2 complaint that we say are inventive concepts and we have
3 several. I think the one to connote here is number one.
4 We identified the trigger transmission of scheduling
5 information response to WTR having a non-zero grant smaller
6 than needed.

7 And we heard from the defendants, well, that's
8 just a recitation of the abstract idea, but what we've seen
9 throughout the briefing is the defendants changed the
10 abstract idea. Initially they say, well, the abstract idea
11 is something very broad for step 1, and then they come back
12 and try to narrow it down and modify it for step 2, but they
13 have to use the same idea in both, both steps.

14 So this is not what we've identified, number
15 one. It's certainly not what the defendants are saying the
16 abstract idea is. They filtered out all of these inventive
17 concepts, and we've looked at some other ones as well that
18 we're -- are in the complaint.

19 Now, moving onto the second group of patents
20 discussed by the defendants, the '954 and the '665 patents,
21 here again we disagree with the articulation of the abstract
22 idea. We don't even agree that the focus is agreed upon in
23 this case either. That's simply not correct. We think they
24 filtered out what the true invention here is.

25 So for the '954 and '665, generally, the idea is

1 receiving a downlink channel, on a downlink channel and
2 providing feedback information. Importantly, it is feedback
3 information either with the user data on the first uplink
4 channel when there has been an explicit allocation, or if
5 there isn't an explicit allocation being able to provide
6 uplink data, providing at a predetermined interval on a
7 second uplink channel. So, importantly, there's multiple
8 different uplink channels here and we're talking about how
9 to send feedback information such as an acknowledgment
10 message in one of those two different channels.

11 And so the problem here, of this invention, and
12 we can go to slide 9 of our presentation, summarizes
13 generally what happened in the prosecution history, is, at
14 the time of this invention, focused on voice. This is back
15 in 2000. And they required a signed uplink and downlink
16 channel for the voice communication, but when you are
17 starting to move to data rather than voice, there's a need
18 to have multiple different users on the same base station,
19 so dedicated channels were not feasible.

20 So instead the idea was you could have basically
21 dynamic channels that were allocated as needed to different
22 devices, but the problem with that was there could be
23 latency, because every time you need to send an
24 acknowledgment message, the wireless device had to go
25 through the process of setting up a channel to send that

1 message, and so that was time-consuming. Especially if you
2 are only sending a small acknowledgment message, you had to
3 go through a lot of steps to set it up and then tear down
4 the channel.

5 The prior art discussed briefly here at slide 9
6 is something called Jorgenson, which solved this problem by
7 at least prioritizing the different messages, so the ones
8 that were more susceptible to latency were prioritized
9 first. So that may have made things somewhat better, but
10 still, the device had to go through the burdensome process
11 of setting up and tearing down channels.

12 So in contrast, the '954 patent improves the
13 operation of a cellular device by allowing it to send an
14 acknowledgment message without having to set up a separate
15 channel for doing so. It would be able to do it at a
16 predetermined time, or if it still happened to already have
17 an allocated channel to send the data, it could just send it
18 with the user data.

19 And we could see that in slide 10. We have some
20 annotated diagrams from the '954 and '665 patent, and Figure
21 2 shows specifically we're talking about a forward link
22 channel, and then there was a reverse channel going in the
23 other direction, and the message is put in a specific time
24 slot on the reverse channel.

25 And in 4 we see largely where the benefit of

1 these patents come into play. Here is where there's
2 actually a, essentially like someone on a cellphone or a
3 tablet getting a web page. And when you get a web page,
4 there needs to be an acknowledgment sent back to the web
5 server.

6 And so here the acknowledgment is being sent
7 from the computer through the wireless subscriber unit.
8 This is in Figure 4 of slide 10, and it's being sent without
9 any steps needed to set up a channel. So it's avoiding a
10 large number of steps. So it's specific improvement of, by
11 having this automatic allocation, you avoid a large number
12 of steps associated with sending the message.

13 Now, in slides 11 and 12, again, we think we
14 prevail on step 1 of Alice, so there is no need to go to
15 step 2, but if the Court was so inclined, we have identified
16 numerous inventive concepts alleged in the complaint with
17 specificity based in part on the prosecution history
18 statements, including in slide 11, the '954, the feedback
19 information transmitted with user data on the first uplink
20 channel, and I think contrary to what the defendants said,
21 we contend that was not something that was routine or
22 ordinary in the prior art. Rather, feedback information
23 was kept separate from user data and put on different
24 channels, and this effective one is the concept of having a
25 predetermined time period away from the time interval on the

1 downlink channel. That was also not present in prior art.
2 It was a different way of sending the data with different
3 types of messages.

4 On slide 12 we have similar inventive concepts
5 for the '665 patent. However, it bears mentioning that the
6 '665 patent is specifically limited to a type of subscriber
7 unit, a code division multiple access subscriber unit.

8 And the claim goes on to, and you can see this
9 at the very end of claim 18, that this is a CDMA subscriber
10 unit that also utilizes different divisions in time, so it's
11 effectively a hybrid between CDMA, which is code division,
12 multiple access, and then has aspects of time division as
13 well.

14 And so using a CDMA device with time division in
15 our complaint, we say that was not routine and conventional,
16 and there's nothing -- at this point, again, we are at the
17 motion-to-dismiss stage. An expert cannot weigh in on any
18 of these issues at this point.

19 Now, unless Your Honor has any other questions
20 on these patent issues, I can move to the next patent
21 family.

22 CHIEF JUDGE STARK: That's fine.

23 MR. RYAN SMITH: And so the third patent family,
24 I think as set forth in the briefing, there are three
25 patents in total -- the '726, '449 and '612 patents. Two of

1 those patents, the '726 and '449, were treated collectively.
2 I can walk through those and the way they were briefed.

3 So for the '726 and '449 patents, the defendants
4 say the abstract idea is transmitting channel quality
5 information is a quality indicator for a first channel and
6 quality difference information for other channels, and that
7 articulation is simply wrong. The focus of the invention is
8 to measure downlink resources within a channel, generate a
9 first channel quality indication based on measurements of
10 those downlink resources, generate the difference
11 indicators, and send a channel quality report, which is a
12 message that includes the channel quality indication and the
13 difference indication. So it's not about sending channel
14 quality for two different channels. It's about sending
15 channel quality for a channel and the constituent components
16 within that channel to create, to provide higher levels of
17 granularity of information to the base station.

18 And so what is the benefit here? Well, it's
19 provide more granularity, but at the same time not sending
20 too much overhead data, because if you send more overhead
21 data, that can ultimately slow down the system.

22 So if we go to slide 15 of our presentation,
23 again, in the complaint, we specifically focus on the
24 improvement over the known prior art and the prosecution
25 history. At the end of the prosecution history of the '726,

1 the Lundby prior art reference came into focus, and the
2 difference here was what Lundby did is it measured channel
3 quality, but only with respect to what is called a pilot
4 signal, a pilot channel, and so as indicated here in slide
5 15, that it was measured in one downlink resource in
6 multiple instances at the time.

7 And so we can -- we've illustrated that here in
8 slide 16, and so what we have here is what's shown as a
9 channel, and then we have divisions within that single
10 channel. And in Lundby, for example, one of those
11 subdivisions, called a downlink resource, could be a pilot
12 channel, and so what Lundby would do is to assess channel
13 quality, it would measure the interference or signal
14 strength in the pilot signal over time and send that channel
15 quality information to the base station.

16 Now, we can contrast that with, if we go to
17 slide 17, the '726 and '449 patents. Here you have another
18 channel, the same channel, but instead of using a pilot
19 signal, the '726 and '449 patents measure the downlink,
20 measure the channel quality for each of the downlink
21 resources, and that's shown here as TQ0, TQ1, et cetera.

22 So now we're giving additional channel quality
23 measurements, so we have additional granularity on the
24 different portions of the channel, and this is shown as
25 being performed. We have here as an excerpt of Figure 2 of

1 the '726 patent, and I put the markings to indicate the
2 portions of that which would be inside the cellular device,
3 the portions of that hardware which could be performing the
4 measurements.

5 And if you go to slide 18, after you make these
6 measurements, then you have to create the channel quality
7 reports as claimed. And so the channel quality, the first
8 channel quality indication is really based on the downlink
9 resources, and an example embodiment is to use a mean or
10 average. So you could imagine adding up the channel quality
11 measurement.

12 In this case, in this example there were five
13 of them. You add them up and divided by five is now the
14 average, and then to create the differences, you take the
15 channel quality and subtract the channel quality for
16 individual downlink resources. And since there is
17 correlation between the average and a constituent component
18 of that average, that the idea is, and this is discussed as
19 one of the benefits is, the difference indicators are going
20 to be smaller in size than the channel quality indication in
21 terms of numbers of bits.

22 And you can see here in Figure 2, there's a
23 specific -- the channel quality device, which is claimed as,
24 and this is the device within the overall cellular hardware,
25 which would be performing these determinations.

1 And so contrary to defendant's assertion, we're
2 not measuring one channel and then another. We're measuring
3 downlink resources coming up with the average and it's all
4 based on this channel.

5 And then if we go to slide 19, we have here,
6 this is the claimed report that would ultimately be sent
7 from the wireless device to the base station.

8 And here, the idea is you've now created a
9 report that provides granular information about each of the
10 downlink resources, an advantage over the prior art Lundby
11 system, and at the same time, the inventors contemplated
12 that we can't send too much data because that would
13 ultimately slow down the system. So we have come up with
14 these different syndicators to provide this very compact
15 report.

16 So this is very much like the *Uniloc* case
17 where -- in many ways, our patent is much more specific
18 because in *Uniloc*, they add a field to a message,
19 pre-existing message.

20 Here, that created a new sort of channel-quality
21 message that has new data fields that provide additional
22 information to the base station.

23 And the base station can use this
24 channel-quality information to make better decisions about
25 how to modulate the data and what rates to use when it's

1 sending data to a wireless device.

2 And, again if we go to slide 20 of our
3 presentation, again, we don't believe we need to get to
4 step 2 because these are not abstract ideas. But if we
5 do, we have identified several inventive concepts in the
6 complaint that we've summarized here at slide 20, including
7 enough to take, in Example No. 1, plurality of measurements
8 of downlink resources.

9 That was indicated in the prosecution history as
10 that was lacking from prior art. The prior art looked at
11 one pilot, whereas the invention here looks at the plurality
12 of downlink resources to provide more granularity.

13 I think in the briefing the defendants had
14 mentioned, well, the patent specification says that you
15 could measure channel quality for multiple users. And then,
16 again, with their theme of filtering out language, they say,
17 well, multiple users and multiple downlink resources, it's a
18 distinction without a difference.

19 But, in fact, it is a very important difference
20 because Lundy was exactly the sort of system that was
21 described in the patent as the prior art. It was, there
22 could be multiple users and all these users are measuring
23 the pilot channel. It's the same pilot channel everyone is
24 measuring and sending back channel quality.

25 But what they're not doing is measuring a

1 plurality of downlink resources and going to the multiple
2 steps as claimed to come up with a channel-quality report
3 with granular information to provide to the base station.
4 That's missing.

5 Now, on slide 21, we have, with respect to the
6 '449 patent, a similar summarization of the inventive
7 concepts. And one thing to note for the '449 patent is it's
8 very specific about not just channel-quality information
9 being provided to the base station, but it indicates that
10 the indication of channel quality is used to indicate a
11 modulation encoding set to the base station.

12 So the idea is, it's not merely reporting, for
13 example, let's say, that the path loss or interference
14 levels but rather it's providing a recommendation to the
15 base station of, here are the modulation encoding set that
16 you may want to consider using if you want to give me the
17 optimal downlink. So it's very specific about that sort of
18 data.

19 And that, again, was missing from the prior art.

20 Now, I can turn now to the '612 patent unless
21 there are any other questions here.

22 CHIEF JUDGE STARK: Yes. Move briefly on to the
23 '612, and then I will ask you a few questions.

24 MR. RYAN SMITH: Okay. Yes, Your Honor.

25 So the alleged abstract idea for the '612 was

1 transmitting quality measurements in a rotating pattern.

2 We believe that is wrong. The key concept is
3 really deriving channel quality for each of the downlink
4 resources.

5 Again, this is the same specification as the
6 '726 and '449, and these channel-quality measurements are
7 transmitted in a rotating pattern.

8 And, importantly, you don't transmit a channel
9 quality in each interval of frame.

10 And this gets back to the idea that the patents
11 are providing more granular channel-quality information but
12 also balancing against providing too much overhead data.
13 And so this is a different embodiment.

14 And they say, with this embodiment on slide 23,
15 we see how the channel quality is measured for different
16 downlink resources in a pattern. Here in slide 23, the
17 pattern is odd/even. But just as an example, so you measure
18 1 and 3, and then you measure 0, 2, and 4. And, again,
19 these are done by, for example, claim 12 of the '612 patent,
20 is claiming channel quality determination device. That is
21 shown here on the slide as an example.

22 And then 24, we have a similar. Ultimately, a
23 message is being sent to the base station. But here, the
24 difference is channel-quality information could be -- it's
25 specifically, and this is required by the claim, it is

1 included within intervals, and the claim is clear that
2 intervals are portions of frames. We have frames and then
3 intervals within frames, and then the claim requires if you
4 don't send channel-quality information at each interval.

5 So here, in this example, we're sending channel
6 quality in a pattern. This is the odd/even pattern, 1, 3,
7 but then we're just intermittently skipping some of the
8 intervals to comply with the claim language.

9 And so you go through a frame of data that is
10 being sent to the base station, and then eventually at the
11 end, you can get to repeat the pattern.

12 And that shows what the idea of this patent is
13 really about. It's about going through this process of
14 making the granular measurement and sending in this very
15 specific way of sending data to the base station.

16 CHIEF JUDGE STARK: Yes, you have ten minutes
17 left. Let me ask you some questions. I want to start off
18 with step 2.

19 A lot of what you have alleged is that you have
20 said based on things you find in the prosecution history. I
21 guess my question is, is that a fair way for the Court to
22 evaluate a 101 motion to dismiss?

23 Presumably everyone, every patentee can say
24 something about the prior art, maybe even point to something
25 in the prosecution history, and in an arguably conclusory

1 way say, therefore, you know, there is a fact dispute on
2 step 2, essentially.

3 So help me on that.

4 MR. RYAN SMITH: Well, our point of going to the
5 prior art was if, for example, in -- I guess paragraph 17,
6 we talk about what happened in the examination of the '665
7 patent. And I think the important point there was for
8 step 2, we're able to say, here was what -- here is a piece
9 of prior art. This was perhaps representative of what was
10 known at the time, conventional. And we have some evidence,
11 for example, the Examiner saying, this is missing. This
12 element is missing from, for example, putting user data and
13 overhead data and sending it together, that is missing from
14 the prior art.

15 So the point here isn't a plausible, factual
16 allegation. And so we're not just merely saying this
17 element is an inventive concept but pointing to something
18 specific in the prosecution history in saying, there is a
19 factual basis for one to conclude based on what was
20 stated about the prior art that this element may not be
21 conventional.

22 And all we're doing here is creating plausible,
23 factual allegations at this stage since we haven't had any
24 opportunity for experts or fact discovery.

25 CHIEF JUDGE STARK: All right. So if, for any

1 particular patent, I agree with you that there is at least a
2 plausible allegation of a factual allegation of step 2, what
3 do you want me to do on step 1?

4 It sounds like defendants would prefer in that
5 instance I not address step 1.

6 What is your view? Do you have a preference?

7 MR. RYAN SMITH: Your Honor, I think if you
8 were to deny the motion on step 2 grounds, I don't think we
9 necessarily need to get to step 1.

10 And so I think that it's a motion to dismiss
11 stage. I think one of our key points is we're -- I think
12 that would decide it, but certainly I think if Your Honor --
13 I think there is a risk that this will cut back, then, if we
14 don't have a decision on step 1.

15 So certainly it would certainly streamline the
16 case, since we've gone through the process of briefing it,
17 to have a decision on step 1 as well.

18 CHIEF JUDGE STARK: All right. And you've
19 pointed out that we're dealing with wireless communications
20 and cellphones and not necessarily general purpose
21 computers.

22 But do you think that the case law that has
23 been cited that's arisen in the context of general purpose
24 computers is inapplicable, or is it fair for me to evaluate
25 these disputes through the same framework that is maybe

1 more well developed now with respect to general purpose
2 computers?

3 MR. RYAN SMITH: I don't think that this -- that
4 these patents fall within the line of cases which address
5 techniques applied to general purpose computers at all.
6 These patents, the problems only arise in the context of
7 cellular communications.

8 The defendants don't contend that we could have
9 done any of these with pencil and paper or even realistic
10 analogy that actually captures the claim language.

11 I think clearly the most applicable case is
12 something like *Uniloc* which looked at various analogous
13 technology, BIOS technology, and, in particular, the
14 messaging between a base station and a remote or mobile
15 device and sort of messaging. Because that is the most
16 applicable case. I don't think the cases involving general
17 purpose computers are terribly applicable this case.

18 CHIEF JUDGE STARK: All right. And with respect
19 to the scope of the pending motion and its impact on the
20 case, I think we heard the defendants say that if any one
21 particular claim for any one particular motion, if they
22 were to prevail, any one particular claim for any one of the
23 six patents that had been put at issue in the motion, then
24 that patent is out of this case, put aside as many possible
25 res judicata dispute about the claims that haven't been

1 specifically analyzed in the motion.

2 Do you at least agree that the whole patent
3 would be out if the defendant prevails on a particular
4 claim? And if not, why not?

5 MR. RYAN SMITH: So I don't agree that the
6 whole patent would be out of the case. The defendants were
7 specific that their motion was only attempting to address
8 one claim of each patent. They didn't make any attempt to
9 show representativeness.

10 In our complaint, we specifically said we expect
11 to identify additional claims. And that's consistent with,
12 for example, the revised patent form scheduling order which
13 has a time frame for identifying asserted claims after the
14 production of technical documents.

15 So our belief is they only moved on specific
16 claims, and that even if they were to prevail, other claims
17 would still be at issue in the case.

18 JUDGE HALL: So they made the argument that
19 this is a standards case, that you don't really need their
20 technical documents to be able to determine whether there
21 are other claims that could be asserted.

22 Do you disagree with that?

23 MR. RYAN SMITH: Well, we would -- we do need
24 technical documents, for example, to understand their
25 compliance with the standards, for example.

1 And if I may, certainly if this were a case
2 they were stipulating we were fully compliant with various
3 standards, that would certainly expedite our ability to
4 identify claims, but there will be some amount of discovery
5 needed to make that assessment.

6 JUDGE HALL: Well, I'm not sure I quite
7 understand that.

8 So you have alleged infringement based on a
9 plausible allegation that they comply with the standards.
10 So if the standard meets other claims, why don't you have
11 enough to plausibly allege that?

12 MR. RYAN SMITH: Well, we might -- I think
13 it's -- Your Honor, that's a good question. I think we
14 probably could identify or get close to identifying all
15 the asserted claims at this point in the case, but I think
16 that we understood there is no requirement to provide an
17 exhaustive list of asserted claims in a complaint.

18 The defendants have never asked for an
19 exhaustive list, and the scheduling order contemplates doing
20 so after a production of technical documents.

21 CHIEF JUDGE STARK: All right. One last
22 question.

23 On claim construction, is that anything I need
24 to be concerned with? Because in your letter, I think it
25 was, you speculate that there is highly likely to be

1 material claim construction disputes, but nothing has been
2 identified by either party at this point with respect to
3 the issues in front of me.

4 What is your position on that?

5 MR. RYAN SMITH: That is exactly -- Your Honor,
6 I think you have succinctly stated our view on it. We do
7 speculate there are going to be claim construction issues.
8 And I think like in the prior case, you know, those may
9 have some and probably will have some bearing on the 101
10 analysis, but we have not yet ferreted out what the claim
11 construction positions of Lenovo might be.

12 And so we do speculate it will be an issue, but
13 we don't have a concrete claim term that we believe needs to
14 be construed.

15 CHIEF JUDGE STARK: Okay. Your time is up.
16 Thank you very much. We'll turn it back to Lenovo.

17 MR. RYAN SMITH: Thank you, Your Honor.

18 MS. MICALLEF: Thank you, Your Honor. If I
19 could start with this notion of what would happen if you
20 dismissed a count, you asked counsel for InterDigital about
21 that, and I think part of my response was that if they could
22 have asserted the claim, you know, that raised different
23 eligibility issues, they would have and they should have,
24 and we can assume that they cannot.

25 Just as sort of evidence of that, you might want

1 to look at InterDigital slide 22 and the other slides with
2 regard to the '612 patent, and you might notice that all of
3 the analogies that counsel just gave you for '612 patent
4 relate to claim 1 of the '612 patent.

5 Claim 1 of the '612 patent is not alleged to be
6 infringed in the first amended complaint. The only '612
7 patent claim that's alleged to be infringed is claim 12,
8 which is a wholly independent separate claim in the '612
9 patent. So I think that just confirms that there are no new
10 issues lurking in the background of these patents. These
11 are the eligibility issues raised and they are not going to
12 be able to assert any further claims.

13 But just sticking with claim 1, if I could
14 direct you back to -- I'm sorry, the '612 patent, not claim
15 1, but the '612 patent.

16 If I could direct you back to our slides, as far
17 as the abstract idea, and I direct you to I guess slide 28
18 beginning, and here we have the actual claim of the '612
19 patent that's asserted in claim 12. That's very similar to
20 what counsel was talking about.

21 I want to go, and you can see, again, broad
22 functional language, channel quality determination device
23 configured to do something, a channel quality transmitter
24 configured to transmit something, and then the wherein
25 clause where you don't transmit in every time interval at a

1 frame.

2 So this is the one patent where we do have a
3 slight difference on the focus of the claim, and if you look
4 at the next slide, slide 29, we have our abstract idea,
5 which counsel has correctly recounted. But I think that the
6 quote on the bottom of the slide, what I'd like to direct
7 your attention to, this is from page 21 of their opposition,
8 and this is where they say what the focus of the claims of
9 the '612 patent are, and they say the claims of the '612
10 patent are specifically focused on transmitting the derived
11 channel quality information for individual resources within
12 a communication channel in a time pattern.

13 So that might mean something different than what
14 my abstract idea is, but I'm happy for you to adopt that one
15 because it's broader and more abstract, and that's their
16 characterization of what these claims are focused on. And
17 whether you adopt that or not, I think the remaining
18 arguments in the briefing, what I presented today, is the
19 same. Once you say that is the focus of this claim and
20 then you move to stay, it's clearly result oriented
21 language. It is formulaic because you're transmitting in
22 a timed pattern, which could be anything from, you know,
23 first slot, second slot, third slot, fourth slot, or two,
24 four, six, eight.

25 It totally --

1 JUDGE HALL: Isn't *KPN*, isn't that exactly the
2 situation that was found to be not abstract as *KPN*, but
3 just a limitation that you can modify something in time
4 without adding specificity as to how it was modified in
5 time or any sort of requirement about how that would occur?

6 MR. RYAN SMITH: Well, no. *KPN* was the data
7 check generator to how it derived that check data -- excuse
8 me, change in time. This is just transmitting the first
9 slot, transmitting in the second slot, transmitting in the
10 third slot. It could be as simple as that.

11 And so the difference is, this is a very
12 mathematical and very generic way to transmit channel
13 quality information in any time pattern.

14 Additionally, it had a huge preemption problem
15 because it would be in any time pattern from the simplest
16 one that I've just mentioned to very, very complex patterns,
17 but it preempts any type of transmitting of the general
18 quality information in a time pattern. In fact, I think it
19 would be hard to come up with a way to transmit channel
20 quality information that would not be a time pattern unless
21 you're only going to do it once.

22 Maybe a single transmission is not a pattern. I
23 suppose you could do it randomly, like as in an irrational
24 number, like π or something, but, you know, those are not
25 realistic possibilities. So all the realistic possibilities

1 indicate that this focus, the focus of this claim covers --
2 preempts this entire corner of this technology, and I think
3 that's more evidence that this is an abstract idea.

4 I know I don't have much time. I would like --
5 Your Honor, you asked about the precedent on general purpose
6 computers. I guess I need to point out, maybe it's obvious,
7 but Section 101 applies to all kinds of technologies and
8 *Alice* and the analysis of *Alice* applies to all kinds of
9 technologies. There's no separate set of rules for cellular
10 communications or wireless communications and, of course,
11 the *Ericsson* case was in that area.

12 So I think is a cellular phone analogous to a
13 general purpose computer? At this point in time, in 2020, I
14 think it is. We've had them for a long time. They are
15 computerized. They have their own processors and they get
16 programmed in lots of different ways to do lots of different
17 things, just like a general purpose computer, so I think
18 that precedent is directly on point.

19 I guess the only other point -- I don't know how
20 much time I have, but the only other point I would want to
21 make is their arguments as far as step 2 were exactly what I
22 noted. They are relying on allegations in the complaint
23 that are just quoting claim language and saying it's
24 obvious, and then they're quoting to parts of the abstract
25 idea that satisfactory step 2, and I don't think that is the

1 way Alice should be applied.

2 So I guess unless there are other questions for
3 me, Your Honor, I will rest.

4 CHIEF JUDGE STARK: Yes, we have no other
5 questions for you and your time is just about up in any
6 event, so thank you for that.

7 Thank you to all the counsel who have argued to
8 this point and thank you for the patience of the Mentone and
9 Digi and Elo Touch counsel. We're going to have you wait
10 just a little bit longer as well.

11 We're going to take a break now. It's 12:30
12 here in Delaware. We'll take a break until 1:30. So if all
13 of you could a few minutes ahead of 1:30 call back into the
14 same conference call line, we'll reconvene at 1:30 and hear
15 argument in the remaining cases. Enjoy your break and we'll
16 be back with you in a little bit. Thanks. Bye-bye.

17 JUDGE HALL: Thank you.

18 (Counsel respond, "Thank you, Your Honor.")

19 (Luncheon recess taken.)

20 - - -

21 (Afternoon Session, 1:30 p.m.)

22 CHIEF JUDGE STARK: Good afternoon, everyone.
23 It's Judge Stark and Judge Hall rejoining the call after a
24 lunch break. We'll trust that counsel for all the parties
25 are there. Certainly, the operator indicated that quite a

1 lot of people are still with us, so we'll now turn to
2 argument in the Mentone cases and hear from defendants
3 first.

4 MR. VINCENT: Good morning, Your Honor. It's
5 Michael Vincent for Elo Touch Solutions.

6 Elo and Digi have decided to divide their time
7 for the opening arguments. I will be taking a little bit of
8 a technical intro and talking about *Cephalon* and then hand
9 it off to counsel for Digi for handling the remaining
10 arguments.

11 Dealing with Elo Touch's presentation on slide
12 2, we begin with the asserted patent, and the important
13 thing to remember with the asserted patent is that it's all
14 about timing. That is the key to understanding the patent.
15 The patent dictates when communications are simply received
16 but not how. The question of how to actually send and
17 receive communications is something that's left to the prior
18 art.

19 In the abstract you see that the asserted patent
20 relies on the GPRS protocol to handle all of those pesky
21 details about how to actually downlink the communications,
22 and understanding this prior art GPRS system will get us
23 99 percent of the way to understanding the alleged invention
24 because there's very little daylight between them.

25 We can be certain that this GPR system is

1 something that was conventional and prior art because the
2 specification points out the standard that defines the GPRS
3 at column 1, lines 26 and 27.

4 And the final point on this slide is that the
5 asserted patents even tout as a feature that it does not
6 differentiate itself colorably from the prior art because it
7 has a "minimal effect on the existing prescript." So this
8 is, this is an admission that the prior art GPRS system is
9 something that is largely undisturbed when practicing this
10 alleged invention.

11 On slide 3, let's start with a very quick walk
12 through the prior art. I appreciate the Court has an
13 understanding of it through the briefing, but I think
14 walking through it briefly today will get us all on the same
15 page and help to further demystify some of the terms that
16 you see in the claims.

17 So on slide 3 of Elo's presentation, you see
18 Figure 1 here, which is the framework for understanding not
19 only the prior art, but also the alleged invention here.
20 The specification helpfully gives several definitions that
21 explain what some of these acronyms are. For example, this
22 packet data channel, PDCH, is merely a grouping of uplink
23 and downlink time slots. So downlink time slot zero
24 corresponds with uplink time slot zero and those together
25 form a PDCH.

1 This scheme is really positioned in time,
2 progressing horizontally, made up of different slots.
3 0.577 milliseconds in duration, eight slots numbered zero
4 through seven form a frame. And I understand that Mentone
5 takes issue with referring to slots in defendants'
6 briefing, but the patent itself uses that word right in
7 the specification, that there are eight consecutive 0.577
8 millisecond slots that make up a frame, and that if I follow
9 the slots through the downlink and the uplink, that one can
10 understand how the prior art and accordingly the alleged
11 invention actually operate.

12 On slide 4, the concept of the uplink status
13 flag is introduced here, and this is the last feature that
14 one needs to understand to appreciate how the prior art, how
15 the alleged invention operates. The uplink status flag,
16 while that is quite a mouthful, it really just stands for
17 the concept of a simple communication. This communication
18 is sent from the uplink on the downlink and it's received by
19 the -- excuse me, it's received by the mobile station, and
20 so in Figure 2, you see the uplink status flag is sent at
21 time zero and then the mobile station interprets and
22 understands the transmission at time zero to allow it to
23 begin transmitting a responsive communication at
24 corresponding time zero on the uplink. That's really all
25 there is to it.

1 I understand that these are at first glance
2 potentially confusing terms, but as you see on slide 5, the
3 Federal Circuit has repeatedly counseled that Courts should
4 not be swayed or intimidated by seemingly technical sounding
5 terms when, upon further investigation, there may not any
6 relevant technical substance behind them, and that's the
7 case that we have here.

8 The patent talks in terms of PDCHs, but reading
9 the claims in light of the specification, as the Federal
10 Circuit has instructed Courts do, it becomes quickly clear
11 that there's not much more there other than the concept of
12 communications at certain times.

13 On slide 6, the final slide for this background
14 section, we have the prior art at the top juxtaposed with
15 the claimed idea at the bottom. You'll quickly notice they
16 are strikingly similar, and that's because the claimed idea,
17 the asserted patent does not claim a concept of the downward
18 transmission, upward transmission, USFs and PDCHs. All of
19 those were known.

20 These are things that are not part of this
21 alleged invention here. The only difference here is sending
22 this uplink status flag just a little later. It's
23 performing what was well-known and conventional, but doing
24 it later, and this allowed a little extra data to be
25 sandwiched in the uplink, but the fact that this may be

1 allegedly different or pose some minor advantage to above
2 and beyond the prior art isn't even at this stage. Those
3 are perhaps questions better suited to the 102 and 103
4 field. But at this stage we're talking about patent
5 eligibility, and no matter how groundbreaking it may be,
6 it's directed to an abstract without something more, it's
7 not patent eligible.

8 If the inventors want to protect their ideas,
9 they have ample resources and trade secret law, but if you
10 are dealing with patents here, there has to be more than
11 just an abstract idea, and on slide 7, I think it will be
12 clear that that is not the case here.

13 On slide 7, on the left side, we have identified
14 claim 5 which all parties agree is representative. Claim 5,
15 if you were just looking at it in a vacuum, again, it might
16 be a little confusing, these acronyms, these packet data
17 channels and USFs, without any -- without having walked
18 through this technical explanation that we just did, it
19 might seem a little opaque.

20 However, it's not unknown that packet data
21 channels are just time slots, and the USF is just a
22 commanding communication. That it can quickly be surmised
23 that the abstract idea is nothing more than just receiving,
24 monitoring, and transmitting communication. This is just
25 organizing human activity which is the hallmark of an

1 abstract idea.

2 Now, you will notice that the identified claim 5
3 has a rather lengthy "wherein" clause at the bottom. That
4 has a lot of words but not a lot of substance because there
5 is not actually a separate method step in this paragraph
6 here. This merely provides the context for which packet
7 data channel is monitored in the monitoring step.

8 This is, if anything, background information
9 that is found in the environment that the claim is operating
10 on, but it doesn't represent any independent step that the
11 claimed idea actually has to actually perform. And for that
12 reason, it is safe to disregard it in formulating the
13 abstract idea.

14 On slide 8, you will see Figure 7 that, again,
15 lines up with the abstract idea quite nicely. This shows
16 the decision tree for outlining the claimed idea here.
17 Again, it's receiving, monitoring, and transmitting
18 information.

19 And that's something that the Federal Circuit
20 has repeatedly cautioned is not an option. It is simply an
21 abstract idea.

22 On slide 9, we show a real-world application of
23 this claimed idea. You will notice that the claimed idea of
24 the identified claim 5 does not require any special
25 technical implementation, it is not tied to any specific

1 practice. It's something that can perform the technology,
2 is something that can be practiced just between two
3 speakers. And that is what we've designed this to show here
4 on slide 9.

5 And so for the first step, receiving an
6 assignment of time slot is something that can be easily
7 done by a first speaker. You can say, listen at time 0 or
8 time 1.

9 Again, at step 2, depending on whether or not
10 USF operation is in use, then the second person will listen
11 on the assigned time slot. They can listen for
12 communication. The communication could be a word. It could
13 be simply saying the word "USF 0." It doesn't have to be
14 fancy or magical about it. It is just a signal that is
15 presented to a speaker.

16 And then the third step is that second person
17 responding at time 0 with a message as allowed by the
18 assignment of the uplink status log for exact communication.

19 Now, I expect plaintiff to take issue with this
20 characterization here, but I would pose the question, what
21 am I missing? What is lacking in this example here that is
22 so fundamental to the path and that I can save it to be sure
23 there is no PDCH or uplink status flag.

24 But after having gone through that technical
25 background, we can readily understand that those terms do

1 nothing more than just obfuscate the abstract idea at the
2 core of this invention.

3 So I would presume to the Court that this is all
4 you really need to understand, this asserted claim 5 here.
5 There is nothing more and nothing less that could save this
6 claim.

7 And then --

8 JUDGE HALL: Counsel --

9 MR. VINCENT: -- my final --

10 JUDGE HALL: Counsel, this is Judge Hall.

11 Can I take this beautiful diagram that you have
12 here on slide 9 and take out the passage and substitute it
13 in with the text from the words from the patent that was at
14 issue in *Uniloc*? Because it looks like the same thing.

15 You have a primary station, and then it's
16 talking to some other station. And then it's asking, hey,
17 are you there? And it's assigning. Well, it doesn't even
18 have to respond in *Uniloc*. It's just ask if it's there.
19 And that was found to be not an abstract idea.

20 So what is the difference between this claim and
21 the claim at issue in *Uniloc*?

22 MR. VINCENT: The difference here is that, as
23 previous counsel has talked about, is the additional data
24 field. That is the key saving grace to *Uniloc* here. That
25 is a fundamentally different structure from the prior art

1 that allows the *Uniloc* claim to perform something that the
2 prior art could not.

3 *Uniloc* is actually a very good case for
4 defendants here because in *Uniloc*, the patent described the
5 failings of the prior art in not allowing a primary station
6 to simultaneously poll inquiry messages. It couldn't do two
7 things at once.

8 That's, in essence, the issue we have with the
9 prior art here, the asserted patent. It can't simultaneously
10 handle a downlink and an uplink at the same time. There has
11 to be a transition period when the transmitter changes from
12 transmitting to receiving.

13 In *Uniloc*, that was changed, and that was solved
14 by adding this new structure, this new data field.

15 In the asserted patent here, there is no
16 structure, there is no change. It is just using the same
17 method but doing it a little later.

18 And I would note if you would look at slide 6,
19 the asserted patents and the claimed idea still doesn't
20 solve that problem. The problem in *Uniloc* was solved where
21 you could do parallel transmission. The problem of not
22 being able to do parallel transmission was still not solved
23 with the claimed idea in the asserted '403 patent in this
24 case.

25 You will see on Figure 4, item C points to the

1 gap in between the five uplink transmissions and then this
2 second USF. That is still necessary because this technology
3 is still not unable to do a simultaneous transmission with
4 the asserted image in here.

5 CHIEF JUDGE STARK: Counsel, let me pick up on
6 that.

7 I think you have already allowed that that gap
8 may be smaller; that is, there may be less of a delay when
9 you practice the patents with shifted flag than in the prior
10 art.

11 So if that is the case, why isn't -- I don't
12 think the law, but help me if I'm wrong, is that you have
13 to define the problem in such a way that only a complete
14 solution could possibly be inventive; right? If there is
15 an improvement here, why don't we just say the technical
16 problem was a long delay and the technical solution is a
17 short delay?

18 MR. VINCENT: Point well taken.

19 The solution is not a total solution. It may
20 be an alleged improvement. But as I discussed a little
21 earlier, just the fact that the patent may claim an
22 improvement does not mean that that alleged improvement is
23 patent-eligible. It still can be an improvement that only
24 exists in the abstraction. But at this 101 stage, we need
25 to look at whether there is more than just an abstract idea.

1 You can have abstract ideas that improve upon the prior art,
2 but there needs to be more to issue a patent than just an
3 improving abstract idea.

4 CHIEF JUDGE STARK: All right. So I'm sure it
5 is that your view there is some claim constructions proposed
6 in the 101 letter. Do they make a difference, and should I
7 just assume that those are the correct instructions for
8 purposes of the motion?

9 MR. VINCENT: Let me back up half a step.

10 I did see that plaintiff added claim
11 construction arguments in its letter brief, but I would
12 submit to the Court that there really isn't a genuine claim
13 construction dispute here because if there were, plaintiff
14 would have raised it in its response.

15 Plaintiff did allege that new arguments were
16 raised in reply, but that simply isn't the case under --
17 after reading the briefing because we made these timing
18 arguments in the opening as well.

19 But more directly to answer your question, we
20 don't think there is a claim construction issue here. After
21 having read the specification that outlines in black and
22 white what these terms mean, there really is no space for a
23 genuine dispute here.

24 The specification tells us in black and white
25 what these terms mean, and so we don't believe that the

1 exercise of having a separate claim construction inquiry
2 would be necessary or helpful.

3 All of that said, for the purposes of this
4 motion, we still -- if the Court desires to go with
5 plaintiffs' belated proposed claim construction, defendants
6 still win. We don't believe they're very good
7 constructions, they're not very helpful, but it still can't
8 get away from the essence of what these claims are directed
9 to timeliness and nothing else.

10 CHIEF JUDGE STARK: All right. And then you're
11 covering step 1. I think one of the issues that comes up
12 at step 1 is we're going to hear from plaintiff that these
13 claims really are directed to a technical improvement or
14 technical solution to a technical problem and not an
15 abstract idea; and that at minimum, there is a question or a
16 dispute about that.

17 I think they may suggest that that itself is
18 disputed, whether these claims fall under that line of cases
19 and it would be premature for me to resolve that dispute in
20 your favor at this stage.

21 Can you respond to that?

22 MR. VINCENT: Certainly, Your Honor.

23 Again, I believe that is a belated argument that
24 is only prompted by the letter briefing. But even if that
25 were credited, I don't see how there can be any dispute on

1 that point.

2 The only thing possibly technical about this is
3 that there are technical terms that have filled around. But
4 having gone through the exercise of seeing what these terms
5 actually mean, it becomes clear that this is something that
6 humans can perform themselves, and this is not a purely
7 technical problem here.

8 And so I would submit that there is not a
9 genuine dispute on that fact, and that the plaintiff's
10 argument really shouldn't be credited on that point.

11 CHIEF JUDGE STARK: When you say humans can do
12 it, I think you mean something like what you showed us in
13 slide 9. You are not suggesting that the human mind could
14 break time frames into these small slices and perceive a
15 USF, et cetera; right?

16 MR. VINCENT: To the contrary, I absolutely am.

17 Now, humans can speak in time frames. Obviously,
18 we cannot operate fast enough to process at .577 millisecond
19 time frames, but the fact that computers can perform a method
20 faster than humans can doesn't mean that it is not abstract.

21 So humans can organize their communications by
22 taking pauses and dividing it up at certain times. They can
23 interpret USFs because USFs are just a simple communication.
24 It can be a word, a password, it can be the word "USF."

25 So we do argue that humans can perform that.

1 CHIEF JUDGE STARK: Okay. You can continue.

2 MR. VINCENT: Your Honor, I have eaten into
3 co-counsel's time quite heavily so I apologize for that.

4 I would note that on the final slide, slide 10,
5 provides a fairly clean comparison with previously invalid
6 claims.

7 If the Court has any time, I would urge them --
8 urge it to consider that comparison because this is the
9 issue at hand.

10 But with that, I yield the floor to counsel for
11 Digi to take up their argument.

12 CHIEF JUDGE STARK: Okay. Defendants have about
13 ten minutes left altogether, but go ahead.

14 MR. ALY: Thank you. Good afternoon, Your
15 Honors. This is Amr Aly of Jenner & Block for Digi.

16 We do agree with what counsel for Elo has stated
17 with respect to the background technology and step 1. I
18 will pick up with step 2, which is slide 17 on this deck.

19 And quite a bit of the discussion has already
20 been covered, but I would like to reiterate one point in
21 response to your and Judge Hall's question.

22 The alleged invention has to be significantly
23 more than the abstract idea in order to provide an inventive
24 concept. And that is with step 2. That is the *Bascom* case
25 at 1349. That is 827 F.3d at 1349.

1 Another case that makes the same point that has
2 to be significantly more is *SecureMail*, 873 F.3d 905 at 911.

3 So with that, if you look at representative
4 claim -- and, again, there is no dispute that claim 5 of the
5 '413 patent is representative. And the rest of the claims,
6 I would argue, rise or fall together. And if you can take a
7 look at the claim; and we can even split that into two
8 sections.

9 So most of the beginning of the discussions
10 dealt with the receiving, monitoring, and transmitting
11 steps: receiving an assignment of time slots, monitoring
12 the assigned time slots to detect a USF flag, and
13 transmitting in the appropriate time slots.

14 Our position is, under step 1, no steps are
15 clearly abstract.

16 And under *Sat, S-a-t*, 898 F.3d 1161, the
17 District Court need not consider those abstract limitations
18 in step 2.

19 So if you put those aside and focus on what is
20 remaining in the claim, as you said, Your Honor, there is
21 the shifted USF set which is the "wherein" clause at the
22 bottom of claim 5.

23 And all that does is, it shifts in time when the
24 U.S., when the USF flag is received. So it shifts by one
25 time slot, and then depending on whether there's a shift or

1 not, then the response is either in, for example, in Figure
2 4, either in the first uplink slot or the second.

3 So all we have in the claimed invention is a
4 shifting of the USF. That is in contrast to Uniloc, which
5 was discussed quite a bit this morning and right now as
6 well. Uniloc, there's a data field that was added. Here,
7 there's no addition beyond the prior art. All there is is,
8 again, a shifting.

9 And if I can just take one step back to explain,
10 in light of InterDigital and some of the other cases
11 discussed this morning, this is under a TDMA function, so
12 TDMA, time division multiple access, and that appears in the
13 abstract of the '413 patent.

14 So of the TDMA, the communication between the
15 network and mobile devices is done on the same channel and
16 there's a division in time of that channel.

17 So here there's a frame, an eight-slot frame.
18 So from T0 to T7, a mobile device would get a time slot
19 within which it can communicate.

20 So all there is in terms of the frame, you're
21 splitting the frame into various time slots, not that there
22 is a physical, I believe in Mentone's presentation at slide
23 6, there's a discussion of every frame is divided into eight
24 physical multiplex channels.

25 The phrase multiplex channels I don't believe

1 appears anywhere in the specification. What really happens
2 is every frame is divided into eight time slots. So that's
3 a distinction we'd like to make.

4 So with respect to claim 5, slide 17, if you
5 strip away the receiving, monitoring and transmitting, all
6 you have left is a shifted USF, and we would argue, Your
7 Honor, that a shifted USF does not -- is not significantly
8 more than the prior art and therefore it does not provide an
9 inventive concept.

10 CHIEF JUDGE STARK: All right. You're going to
11 run out of time shortly. So let me ask you there. On what
12 basis would I find that the shifted USF is well understood,
13 conventional and routine at this stage of the proceeding?

14 MR. ALY: Well, it's just providing a shifting.
15 Once again, if I understand your question correctly, Your
16 Honor, the USF is part of the prior art, but all the claimed
17 invention provides allegedly is if you shift the time of
18 when that USF is received, it provides, as Elo's counsel
19 indicated, it just provides more bandwidth.

20 So instead of --

21 CHIEF JUDGE STARK: Wait. Right. But let's
22 just say for sake of argument that it's more reasonable
23 inference from the allegations in the complaint that that
24 has never been done before, that that was not well
25 understood, conventional and routine, and it led to an

1 improvement in the technical field.

2 Is there anything in the record that I can
3 consider that would allow me to reject such a contention at
4 this stage of the proceeding?

5 MR. ALY: Well, the alleged problem in the prior
6 art is that there's -- it was too much turnaround time. So
7 between the received mode and the transmit mode at the
8 mobile device, that was too much of a delay. So the claimed
9 invention intended to resolve that issue and resolved it by
10 adding this shifted USF.

11 Our position is it did not resolve the problem
12 in the prior art. So under the Federal Circuit law, this
13 alleged invention does not provide significantly more than
14 the abstract idea itself in order to meet the hurdle under
15 step 2 of providing an inventive concept.

16 CHIEF JUDGE STARK: All right. Let me ask you,
17 and I will give you a couple extra minutes for rebuttal
18 because we're basically out of time, but plaintiff also
19 suggested I should grant leave to amend. I assume you
20 oppose that. If so, why?

21 MR. ALY: Sure. So right now we are dealing
22 with a first amended complaint. So they amended the
23 complaint once. And we believe it is futile at this stage.
24 Even if you allow leave to amend, we will be back before
25 Your Honor dealing with the same exact issue.

1 Again, all of the claims rise or fall
2 together under this representative claim 5, and based on
3 the briefing to date, there had been no indication that the
4 steps 1 and 2 are met by this claim 5. So again, even if
5 there is leave to amend, we believe it's futile at this
6 stage, Your Honor.

7 CHIEF JUDGE STARK: And I take judicial notice
8 of the prosecution history here. I think plaintiff is
9 asking us to do that.

10 Do you object?

11 MR. ALY: We believe the reference to the
12 prosecution history is dealing with more than 102, 103
13 obvious arguments. Your Honor, you can take judicial
14 notice.

15 CHIEF JUDGE STARK: I can or I can't?

16 MR. ALY: Can.

17 CHIEF JUDGE STARK: Can. Correct?

18 MR. ALY: Correct.

19 CHIEF JUDGE STARK: All right. Thank you.
20 We'll give defendants an extra five minutes for rebuttal and
21 we'll give plaintiffs 35 minutes if they want.

22 I believe, Mr. Pazuniak, I know you've been
23 waiting all day. Now is your turn.

24 MR. PAZUNIAK: Thank you, Judge Stark and Judge
25 Hall.

1 And this is, in fact, the paradigm case
2 for *Alice* step 1, and defendants have pointedly failed
3 to address both in their briefs and in their slides and
4 in their presentation the most fundamental issue that
5 is the basis of the *Enfish* case and then the *KPN* case and
6 the *Uniloc* cases, and that is whether claim 5 is directed
7 to, "a specific asserted improvement in computer
8 capabilities."

9 The issue is not whether the claim actually
10 succeeded. The question is not how important or how
11 valuable the improvement can be. The only issue is whether
12 claim 5 is directed to computer capabilities.

13 And this actual -- this issue is actually very
14 easily resolved, and since I believe the Court already has
15 before it the Digi slides, I think I would ask the Court to
16 turn to the slide 3 of the Digi deck. I'm sorry, slide 5 of
17 the Digi deck.

18 And it discusses the subject matter of the '413
19 patent, and bullet one reads that the patent relates to
20 methods of controlling timing and allocation of data
21 transmission and mobile station performing those methods.

22 Then there's a description of CDMA and then the
23 bullet three states, "relates to an allocation method where
24 access to the sheer channel is controlled by means of uplink
25 status flag."

1 And the simple question -- and the same point I
2 think is sort of made in Elo's slide 6, and we can maybe
3 take a look at that because counsel spent some time talking
4 about it. And leaving to one side whether Figure 4 actually
5 fully represents claim 5 to one side, what are we looking at
6 here?

7 As counsel correctly pointed out, we're looking
8 at CDMA frames. These are the basic fundamental units of
9 digital communication, and whether we're talking about a big
10 difference between the prior art and the claimed idea that
11 is -- maybe it's just a shifting, what we are talking about
12 is still something that is directed to the fundamental unit
13 of computer signalling, and that is a change in how the, and
14 particularly how the downlink frames designate the USFs and
15 then the resulting uplink frames and which data channels are
16 available for use in an uplink. Allocating physical data
17 channels to a communication is about as fundamental and
18 basic to computer capabilities as one can imagine.

19 Then if we go back to the Digi slides and look
20 at slide 8, and here defendants argue that the alleged
21 invention differs from the prior art only by the simple step
22 of sifting an alert, "the USF to be sent in a different time
23 slot."

24 First of all, the word alert there is
25 troublesome because a USF is not an alert, and it's not just

1 a communication as argued by the defendant. A USF is a
2 specific data construct. It's a piece of data that controls
3 what uplink physical data channels will be made available to
4 a mobile station. It is not a generic communication.
5 Rather, it is a very specific, non-abstract piece of data.
6 It is certainly -- that statement by defendant I think by
7 itself defeats, you know, their argument that this is an
8 abstract idea.

9 And then they, in point, bullet point 2 on slide
10 8, they continue: "Since time slots are merely different
11 blocks of time, the claimed invention simply results in the
12 sending of the USF .577 milliseconds later than would
13 normally happen in the prior art systems."

14 Again, I don't want to get into whether or not
15 that is a correct statement, because I think the inventive
16 aspect here is much more than that, but assume that is still
17 correct. It still confirms that claim 5 is directed to how
18 computers operate because it actually says when a computer
19 signals a specific -- by the shifted USF, the result is at
20 the mobile station, will utilize or will be allocated
21 different physical data channels for their communications
22 than was available in the prior art.

23 Now, defendants --

24 JUDGE HALL: Mr. Pazuniak, this is Judge Hall.

25 Assuming we agree with you that it's a technical

1 solution to a technical problem, the Federal Circuit has
2 still made clear that the technical solutions have to be
3 specific enough in order to provide step 1, and so, for
4 example in *KPN*, they found that modifying this check data
5 device permutation in time had enough specific limitations
6 that it made it not abstract.

7 Do you understand the defendants to be arguing
8 here that what you have claimed is shifting? And, of
9 course, you don't have to claim exactly, you know, the code
10 that accomplishes the shifting, but don't you have to
11 provide some specificity as to what the shifting is?
12 Shifting forward, shifting back? I mean, the way you have
13 it claimed, it doesn't necessarily even capture the intended
14 improvement.

15 MR. PAZUNIAK: Your Honor, there are a couple
16 different aspects to it, and perhaps what we can do is if I
17 can ask the Court to look at Mentone's slides and turn to
18 slide 17, because this is where I -- we have heard a lot
19 about the *Uniloc* case and slides 17 through 20 do try to
20 address the issue.

21 Because the point that has been made by the
22 defendants and actually by prior counsel in the prior
23 cases is that *Uniloc* was different because it provided an
24 additional data field.

25 Take a look at claim 5. The first element of

1 claim 5 is receiving an assignment of at least a first PDCH,
2 active data channel, and a second PDCH.

3 And then the rest of the claim then addresses
4 what happens with that second -- how that second PDCH is
5 used. But the key point here is that as far as the record
6 shows, there is no piece of prior art that has a second
7 assigned PDCH. So right there, in the first limitation of
8 claim 5, you have something that is different than the prior
9 art.

10 And then we look at the basis for the *Uniloc*
11 decision. Well, in *Uniloc* -- and I'm now on slide 18.

12 In *Uniloc*, the Court upheld that there was -- it
13 was eligible for patentability because the claimed invention
14 "was an improvement to computer functionality; namely, the
15 reduction of latency experienced by park secondary stations
16 in communication systems."

17 Well, the '413 patent, take a look at what the
18 '413 patent says.

19 It's "It is an object of this invention to
20 reduce the restrictions affecting the extended dynamic
21 allocation with minimal effect on the existing prescript."

22 So what we're talking about here is essentially
23 the same as *Uniloc*. And that is, the invention is
24 eliminating a restriction that affected or limited extended
25 dynamic allocation of uplink physical data channels in the

1 prior art.

2 Then if we take a look at claim 19, it
3 continued. Again, in *Uniloc*, on the left-hand side of slide
4 19, I'm not going to read it, but you have the quote from
5 *Uniloc* explaining why there was, the claims were eligible.

6 And it talked about site of the abstract and
7 the specification to demonstrate that eligibility because it
8 permitted a computer to do something that reduced data delay
9 in conventional systems.

10 Well, in this case, if you look at the '413
11 patent, the abstract and the specification, again, you have
12 a prior art problem that there was limitations on what
13 uplink data channels the mobile station could utilize.

14 And the claimed invention here resolved that
15 issue. It provided additional choices in the allocation of
16 communication channels. And the key point is additional
17 choices. And that --

18 CHIEF JUDGE STARK: Mr. Pazuniak, if that is
19 the key point, help me understand where that is in the claim
20 as opposed to the abstract or the other parts of the
21 specification.

22 MR. PAZUNIAK: Okay. It's -- and, again, okay.
23 So if we take a look at claim 5, so we have, as I have
24 indicated, we have the first limitation that is directed to
25 having both a first PDCH and a second PDCH. So this is a

1 base station sending a message that assigns certain defined
2 physical data channels that the mobile station can use for
3 future communications in a TDMA system, then you have the
4 next step, which is monitoring an assigned PDCH to detect
5 the uplink status flag, and then transmitting on the PDCH
6 corresponding to the USF wherein, and then you have the
7 option or the choice.

8 And let me just stop there because counsel had
9 indicated that this whole wherein section of the claim can
10 be just totally ignored and eliminated because -- it wasn't
11 clear to me why, but it could be just eliminated.

12 Well, that is not correct. What the system
13 requires -- or I'm sorry. What claim 5 requires is that
14 there is a method in place by which either small (i) or a
15 small (ii) of the "wherein" clause is a choice.

16 As to -- you know, as to the decisions for which
17 (i) or (ii) are used, there are -- in any given system,
18 there will be many, many parameters that control that. But
19 the issue here is not that the system here requires that a
20 particular choice be utilized in any particular situation
21 but that the system include the choice of either (i) or
22 (ii). And both of them have to be available as part of the
23 method.

24 And then if you then -- so if you have now a
25 provision for a shifted USF, as Your Honor has indicated,

1 I'm not sure if it was Your Honor or Judge Hall that asked
2 the question, about, well, where is the prior art showing a
3 shifted USF, I don't think there is.

4 And as far as what is meant by a shifted USF?
5 Well, let's go -- again, these are now understood technical
6 terms.

7 If you go to Mentone slide 7 --

8 CHIEF JUDGE STARK: All right. Before we do
9 that, Mr. Pazuniak, I'm a little bit lost on the wherein
10 provision because unless I'm missing it, I don't see
11 anything in the claims that indicate when you would be at
12 little (i) versus little (ii); that is, when you would use a
13 shifted USF versus not use one. I don't think there's even
14 anything in the specification about that.

15 And so in a 101 context, why doesn't that
16 mean really all we have is its functional claiming and an
17 abstract idea?

18 MR. PAZUNIAK: Your Honor, the reason I wanted
19 to point to slide 7 because that is actually a section of
20 the governing technical standard, EPSI 144, et cetera.

21 This is a technical term standard. And if you
22 look at it, it says -- the first sentence reads: "In some
23 instances, shifted USF operation shall apply."

24 And then it says, "When a shifted USF operation
25 is used."

1 The whole point here is that there are many
2 reasons why a shifted USF may or may not be used. The issue
3 is not -- and the claim doesn't have to say when it is used.
4 The invention here is that the claim provides deep shifted
5 USF as a functional choice that can be used and included in
6 a method. In other words, the method has to give the system
7 a choice to using shifted USF.

8 In using the shifted --

9 CHIEF JUDGE STARK: Is the shifted USF
10 conventional, well understood, and routine, or is it part of
11 what you say is the inventive concept here?

12 MR. PAZUNIAK: I think it is the inventive
13 concept.

14 CHIEF JUDGE STARK: And so tell me again what
15 this is, this SC standard as slide 7? Is that something
16 that postdates the invention?

17 MR. PAZUNIAK: Yes.

18 CHIEF JUDGE STARK: So can I put any weight on
19 that? Can I consider that in trying to understand the
20 motion to dismiss here today?

21 MR. PAZUNIAK: I think that the -- I think so
22 because what we were looking at, a "wherein" clause that
23 discusses a shifted USF, which, again, has to be part of a
24 method in order for there to be -- you know, for there --
25 you know, for the method to fall within the scope of the

1 claims.

2 And so what you have is a claim that describes
3 how to shift the USF.

4 CHIEF JUDGE STARK: Where? "How" is an
5 important word. Where does the claim tell the person of
6 skill in the art how?

7 MR. PAZUNIAK: Well, the "how" is it really
8 needs to be only in the specification, not in the claims.
9 The claims do not have to -- they only provide the
10 parameters of the invention. They are not supposed to be
11 enabling.

12 The enabling can be found in the specification,
13 and particularly at -- if you turn to slide 4 of the
14 Mentone, you have Figure 7 which was also discussed by
15 defendants' counsel.

16 But in slide 4, you have both the Figure 7 and
17 you have the description of that Figure 7 and, you know,
18 applies there.

19 So that is a description of how really that
20 "wherein" clause is invoked in a computer. And it's a
21 very -- it's a detailed explanation; but, again, the choice
22 -- there are reasons for using a shifted USF in any
23 particular instance, and that is up to the architect of the
24 computer system, you know, when to use the shifted USF.

25 CHIEF JUDGE STARK: All right. Let me try. I

1 understand why you interpreted my question as an enablement
2 one, and it may well have implications for enablement.
3 Obviously, I understand that is not the issue for today, but
4 I think there are cases, at least considering step 2, an
5 inventive concept and whether it is captured in the claims,
6 that suggest that an arguably similar analysis is ripe for
7 today on a 101 motion.

8 That is, if a person of skill in the art looking
9 at your patent would find no hint as to how or when or even
10 possibly why they should shift the USF or alternatively not
11 shift the USF, how can I say that what you're pointing to as
12 the inventive concept is actually captured in the claim?

13 MR. PAZUNIAK: Okay. Your Honor, there are a
14 couple steps. One is if you look at -- and, again, this is
15 slide 3 of the Mentone stack, and you will see that as part
16 of the summary of the invention. The inventor explains that
17 the prior art used a fixed one-to-one relationship between
18 the timing of the downlink and the uplink transmissions.

19 By using the shifted USF, you have basically
20 opened up uplink packet data options that were not available
21 in the prior art.

22 Then if -- and so if you look at claim 5,
23 beginning with the fact that you now have a requirement
24 for receiving an assignment of at least a first PDCH and a
25 second PDCH, which this -- you know, it's already -- okay,

1 this is not already a one-to-one relationship, and then you
2 have a requirement that the method provide for either using
3 the first PDCH or using the second PDCH, the provision for
4 shifting the USF to utilize a second PDCH is itself a novel
5 concept.

6 The novel concept here is that the mobile
7 station now has a greater number of uplink physical data
8 channels that it can use than it had the availability to use
9 in the prior art.

10 This is why, you know, I cited in slide 7 the
11 ETSI standard because that is how important it is. This is
12 not some little, a little minor thing. This shift at USF
13 operation is part of the standard because it is, in fact, an
14 important technical aspect of the -- it's called the
15 HSPA-plus standard here. In other words, it's something if
16 this wherein clause is basically captured, and you can
17 compare the wherein clause to the technical standard.
18 You'll see that there's almost a direct correspondence
19 there.

20 If you have a technical standard that parrots a
21 wherein clause of a claim, then that should I think strongly
22 inform that, in fact, you have a concept here that is both
23 technically important, and in this case, unless defendants
24 can prove obviousness or, you know, anticipation, it's an
25 inventive concept.

1 I don't know if -- I don't know if I answered
2 Your Honor's question.

3 CHIEF JUDGE STARK: I'm not sure either. You
4 have about ten minuets left.

5 How would you distinguish the claims in *Two-Way*
6 *Media* from your claim 5 here?

7 MR. PAZUNIAK: Okay. If you take a look at our
8 slides or Mentone's slides 27 and 28, you will see that the
9 *Two-Way* -- in *Two-Way*, the claim in issue, and it's quoted
10 in slide 27, but again upon stripping all of that extra
11 verbiage, all it says is a method comprising using a
12 standard analogue-to-digital converter that exists in any
13 computer with a microphone or visual to stream content to a
14 user based on user selection monitoring reception and
15 indexing reception.

16 The *Two-Way* claims was all the content of a
17 communication and nothing relevant to how the content is
18 communicated. In this case, the issue is how the content is
19 communicated, and that is specifically because now you have
20 additional uplink channels available to the mobile station
21 that were not available before.

22 And if you want to see what -- how the Federal
23 Circuit has viewed *Two-Way*, the *Two-Way* case, take a look at
24 slide 28 and where we -- where I quoted the analysis of
25 *Two-Way Media* in both the *Uniloc* and *KPN* cases.

1 And you will -- and, again, the Federal Circuit
2 stated that the claims were ineligible merely because they
3 recited a series of abstract steps of converting routing,
4 controlling monitoring and accumulating records in a
5 result-based functional language without describing how the
6 goal of realtime load balancing or the benefits would be
7 achieved.

8 Here, I know the defendants are arguing you just
9 strip all the verbiage and, you know, then all you have is
10 transmitting and receiving and whatever, but that's not
11 correct. What we have is, first of all, a downlink, a
12 requirement for a downlink that has a first and second PPCH.
13 Then we have a provision that provides for shifted USF, and
14 the result of which is that there is more PPCH channels
15 available than existed in the prior art. This is not just
16 transmitting data. Yes, there's data that is transmitted,
17 but it's far more than transmitting data.

18 So the difference I think in a nutshell is
19 *Two-Way Media* as well as the *I.D.* case and all the other
20 cases cited by the defendants is that there was never an
21 issue as to the signalling, the computer signalling. It was
22 always the content. Okay.

23 You know, we add this information, or we compile
24 information in this way. You know, the user selects this or
25 the user selects that. It never got to the fundamental unit

1 of the signalling. Here, the claims are directed to the
2 fundamental unit of a computer signalling system that is
3 here is how, you know, these little physical data channels,
4 which are defined by both frequency and time.

5 Here, you know, here is where the data, the
6 control data, the content data, you know, all of the data
7 that passes between two computers is put into these little
8 boxes or little, you know, PDCHs, or time slots if you want
9 to call them. But they're still little boxes of
10 information, and the invention here provides for additional,
11 additional boxes to be available to a mobile station in an
12 uplink if it's needed. And sometimes, you know, sometimes
13 it will be needed, sometimes it won't, but the system
14 provides for having that capability.

15 CHIEF JUDGE STARK: I think that's where my
16 trouble is. I can see the argument for distinction from
17 *Two-Way Media*. The how is disclosed. That is, I guess,
18 something about the multiple PDCHs and the shifted USF.
19 That's how we're going to start to solve this problem, but
20 the claim doesn't seem to tell us anything about, especially
21 when the shifted USF, when we're really -- how we would
22 shift it.

23 You know, it just leaves it completely agnostic,
24 and that worries me that it starts to sound like claims that
25 have been stricken for not disclosing anything other than

1 function and not disclosing the how or not capturing the
2 how. So I think that's where my struggle is. I don't know
3 if you have more to say on that.

4 MR. PAZUNIAK: Yes. Your Honor, first of all,
5 as to when to use the invention, I don't think, with all due
6 respect, I don't think that's a proper inquiry because the
7 claims don't have to tell you when the claim method is to be
8 used. It only needs to define a novel and nonobvious
9 method, and whether it's, in fact, being used or not is a
10 question of infringement, and as to whether it -- the reason
11 for using it is actually irrelevant because intent is
12 irrelevant to the question of patent infringement.

13 The only question is, does a -- do the
14 defendants practice a method that falls within the scope of
15 the claims? But to get to the issue of the how, well, maybe
16 I'm not making myself very well understood and I apologize.
17 But the how starts with the first element, which is
18 providing a first PPCH and a second PPCH. Already there you
19 see a how. That how, as far as I can tell from the record,
20 didn't exist before.

21 Then you have the fact that you would monitor
22 and transmit, but then you have the provision that the first
23 and the second PPCHs have to provide for a shifting, and
24 when you shift the USF, you, by definition, provide
25 different spectrum of PPCHs that are available to that

1 particular mobile user.

2 I mean, now we're getting into the very, very
3 granular details of how these frames operate. You know,
4 do you have -- if you look at the claim figures and look at
5 the slides that are presented, you'll see that the downlink
6 and the uplink, uplink frames are offset. Well, the reason
7 that they're offset, and everyone knows they have to be
8 offset is because if you -- if they weren't offset, then
9 you would have the mobile station both transmitting and
10 receiving on the same PPCH at the same time, which is an
11 impossibility.

12 So you provide for, you know, for that shifting
13 between downlink and the uplink PPCHs, and by shifting the
14 USF, you now make available additional slots, time slots,
15 slots, PPCHs, whatever you want to call it that were not
16 available before, and that is I think the how.

17 The how is providing, and it starts with the
18 first limitation, providing the first PPCH and the second
19 PPCH, and then utilizing the first and second PPCHs, which
20 automatically provide for a different spectrum of uplink
21 slots.

22 CHIEF JUDGE STARK: Okay. Thank you, Mr.
23 Pazuniak. Your time with the extra five minutes is now
24 up.

25 MR. PAZUNIAK: All right.

1 CHIEF JUDGE STARK: Thank you. We'll turn it
2 back to defendant.

3 MR. ALY: Thank you, Your Honor. Can I just
4 make a couple of points and then I will turn it to you?

5 This is Amr Aly at Jenner & Block for Digi. If
6 I could just make a couple points, Your Honor.

7 Mr. Pazuniak early on in his presentation said
8 that he believed defendants said that the "wherein" clause
9 should be eliminated. That's absolutely the opposite. I
10 just want to clear the record. That's not what we said.
11 And what Digi said is you should strip away the top half of
12 the claims, the receiving, monitoring and transmitting, and
13 then all you're left with is a "wherein" clause for purposes
14 of step 2.

15 With respect to Judge Hall's question regarding
16 specificity, we agree, there is no specificity here of
17 specific improvement, and we would even -- to the *Enfish*
18 case, and that brings up another point. There are several
19 instances here where Mentone has brought in additional
20 argument, additional evidence very late in the game, and
21 *Enfish* is one of those cases.

22 We saw it for the first time in the deck
23 yesterday, so if you look at our slide deck, we don't have a
24 slide addressing *Enfish* because we learned of *Enfish* after
25 we submitted our deck.

1 And with respect to Judge Stark's question
2 regarding where in the claim does it explain how and
3 describing it in the specification, we believe that's
4 exactly right, and that's the *Two-Way Media* case at 1337.
5 You look to the scope of the claim to see how it
6 achieves the results, not whether it's in the specification.
7 The specification isn't enabled. That's for another day.

8 With respect to the other cases, the *Uniloc*
9 and *KPN*, those are addressed in the Digi slide deck at slide
10 29, and, again, those are additional elements added, and
11 that is distinguishable from the Mentone patent, because
12 again, in Mentone, there is nothing more than a shifted
13 USF.

14 And with that, I will turn it over to Elo's
15 counsel.

16 CHIEF JUDGE STARK: Yes. Mr. Aly, either you or
17 co-counsel tell me something about the multiple PDCHs, which
18 seem to be a real focus of the argument today.

19 MR. VINCENT: Yes, Your Honor. Michael Vincent
20 for Elo.

21 This is news as well. If I heard plaintiff
22 correctly, he asserted that in the prior art, only one PDCH
23 could be assigned. I apologize because I'm having to
24 analyze it from a slide. I do not recall this in the
25 briefing. But in the background of the invention section,

1 at column 2, lines 4 and 5, it discloses that in the prior
2 art, multiple PDCHs could be allocated. So I'm not sure how
3 that squares with plaintiff's argument the addition of a
4 second PDCH is somehow new.

5 I just, I don't see it from the claim language
6 of the specification.

7 And then real quick, to build off of Digi's
8 point just a minute ago, Your Honor's intuition about the
9 inventive concept needed to be in the claim itself is right
10 on point. As Digi's counsel mentioned, that is in *Two-Way*
11 *Media*. That is in a lot of cases.

12 In *Two-Way Media*, "The main problem that *Two-Way*
13 *Media* cannot overcome is that the claim, as opposed to
14 something purportedly described in the specification, is
15 missing on inventive concept." 874 F.3d 1338.

16 That is exactly what we have here.

17 Plaintiff went through an odyssey of trying to
18 find an inventive concept in the claim, and then he turned
19 to the specification. And when that failed, we began
20 talking about this ETSI standard, which I have -- I do not
21 see how it relates to the patent or could be properly
22 considered at this stage.

23 So for all of those reasons, this patent is
24 ineligible.

25 CHIEF JUDGE STARK: Okay. Thank you, counsel.

1 Thank you all, counsel.

2 So we're going to take another recess. We'll
3 reconvene at 4:30 today. So just under two hours from now.
4 Everyone, or at least one attorney per party, needs to call
5 back this same number at 4:30. I don't expect that I will
6 have any further questions, but I do hope that I will have
7 at least some decision for you.

8 So you are all free, at least as far as I'm
9 concerned, until 4:30, and we'll talk to you then. Bye-bye.

10 (Brief recess taken.)

11 * * *

12 (Proceedings reconvened after recess.)

13 CHIEF JUDGE STARK: Good afternoon, everybody.
14 It's Judge Stark, and Judge Hall. I hope you can hear me
15 fine.

16 Let me just quickly do a rundown and make sure
17 that counsel are on the phone.

18 Who is there, please, for Pivital?

19 MR. BENNETT: This is David Bennett on behalf of
20 Pivital IP.

21 CHIEF JUDGE STARK: Okay.

22 MR. STAMOULIS: Stam Stamoulis also on behalf of
23 Pivital.

24 Thank you, Your Honor.

25 CHIEF JUDGE STARK: Okay. And for

1 ActiveCampaign?

2 MR. CONNOLLY: Your Honor, Arthur Connolly, Mark
3 Smith, and Stephanie Nelson.

4 CHIEF JUDGE STARK: Okay. And for Twilio.

5 MS. PALAPURA: Your Honor, this is Bindu
6 Palapura, Michael Hendershot, Michael Oblon, and Jennifer
7 Hartjes.

8 CHIEF JUDGE STARK: Okay. SharpSpring.

9 MR. MAYO: Your Honor, this is Andrew Mayo. And
10 I have also Jennifer Gregor and Shane Delsman on the line.

11 CHIEF JUDGE STARK: Okay. Who's there for
12 InterDigital, please?

13 MR. BELGAM: Your Honor, you have Neil Belgam,
14 Ryan Smith, Michael Levin, and David Steuer.

15 CHIEF JUDGE STARK: Okay. And for Lenovo?

16 MR. RODGER SMITH: Your Honor, Rodger Smith and
17 Joe Micallef of Sidley Austin.

18 CHIEF JUDGE STARK: All right. And for Mentone?

19 MR. PAZUNIAK: George Pazuniak, Your Honor.

20 CHIEF JUDGE STARK: Okay. For Digi?

21 MS. GAZA: Anne Gaza, Your Honor, and Amr Aly.

22 CHIEF JUDGE STARK: Okay. And for Elo Touch?

23 MR. ANDERSON: Jeremy Anderson, Ricardo Bonilla,
24 and Michael Vincent from Fish & Richardson.

25 CHIEF JUDGE STARK: Okay, great.

1 Well, thank you. Again, thank you for the
2 helpful arguments today. I think we probably would all,
3 again, agree that this would be better in the courtroom, but
4 I'm happy to say that with the preparation that I and with
5 Judge Hall's great assistance was able to do, and with the
6 briefing, the letter briefs, the demonstrative slides that
7 were provided, and the fairly extensive discussions we were
8 able to have today during the argument, I am in the position
9 where I am going to be able to rule on the various motions
10 that were argued today.

11 It is going to take me a little bit of time to
12 do so. I'm going to start with some legal standards, and
13 then I will go through the cases in the order that they were
14 argued throughout the day.

15 First, in terms of legal standards.

16 I adopt and incorporate by reference the legal
17 standards set out for Rule 12(b)(6) motions and Section 101
18 of the Patent Act in *DeStefano Patent Trust vs. LinkedIn* --

19 If everyone could put me on mute, that would be
20 helpful. Thank you.

21 -- which was a 2018 decision from the District
22 of Delaware, affirmed by the Federal Circuit in 2019.

23 Also the legal standard of the *Berkheimer*
24 decision of the Federal Circuit in 2018.

25 Even though I'm adopting and incorporating by

1 reference those legal standards, I do want to touch on some
2 of the specific legal standards that I have applied,
3 particularly with respect to Section 101.

4 On 12(b)(6), there is really not much to be
5 said. Nobody has disputed, and I have, of course, accepted
6 as true all well-pled factual, plausible material
7 allegations in the complaint.

8 On Section 101, the *Aatrix* decision tells us
9 that patent eligibility may be determined at the Rule 12
10 stage when there are no factual allegations that taken as
11 true prevent resolving the eligibility question as a matter
12 of law.

13 *Berkheimer* tells us that whether a claim recites
14 patent eligible subject matter is a question of law which
15 may contain a dispute over underlying facts.

16 *Alice* and *Mayo* set out the now familiar two-step
17 test relating to the judicially created exception to 35
18 U.S.C., Section 101.

19 The particular exception that is implicated by
20 all the motions today relates to abstract ideas. The cases
21 specifically *Alice* and *Mayo* set out a two-step framework for
22 distinguishing patents that claim abstract ideas from those
23 that claim patent eligible applications.

24 At step 1, the Court must determine if the
25 claims are directed to an abstract idea. In doing so, the

1 Court considers the claims in their entirety to ascertain
2 whether their character as a whole is directed to excluded
3 subject matter. Courts must be careful not to oversimplify
4 inventive concepts or downplay the invention's benefit.

5 At step 2, which the Court reaches if at step 1
6 it finds that claims are directed to an abstract idea, then
7 at step 2, the Court proceeds to search the claims for an
8 inventive concept.

9 A few other points, particularly about step 2,
10 from *McRO*, we know that at step 2, the courts must look to
11 both the claim as a whole and to individual claim elements
12 to determine whether the claim contains a limitation or an
13 ordered combination of limitations that is sufficient to
14 ensure that the patent in practice amounts to significantly
15 more than a patent upon the ineligible concept itself.

16 From *Bascom*, we know that the inventive concept
17 inquiry requires more than recognizing that each claim
18 element by itself was known in the art.

19 The ordered combination of the limitations could
20 still have recited an inventive concept and must be
21 patent-eligible under step 2.

22 *Berkheimer* tells us that it is not enough
23 just to disclose the improvement in the specification to
24 recite an inventive concept sufficient to confer patent
25 eligibility. The claims must capture the alleged

1 improvement.

2 The *RecogniCorp* case tells us that to save a
3 patent at step 2, again, the inventive concept must be
4 evident in the claim.

5 *Berkheimer* says that the question of whether
6 a claim element or a combination of elements is well
7 understood, routine, and conventional to a skilled artisan
8 in the relevant field is a question of fact. Any fact, such
9 as this one, that is pertinent to the validity conclusion
10 must be proven by clear and convincing evidence.

11 *BSG* says that a claimed invention's use of the
12 ineligible abstract idea to which it is directed under
13 step 1 cannot supply an inventive concept that renders the
14 invention significantly more than that ineligible concept
15 under step 2. Instead, what may render the claim eligible
16 are claim limitations other than the invention's use of the
17 abstract idea to which it is directed, and that they are,
18 that is, those other limitations, are well understood,
19 routine -- are not well understood, routine or conventional.

20 In *Cellspin*, we're told that if a claim's only
21 inventive concept is the application of an abstract idea the
22 using conventional and well-understood techniques, the claim
23 has not been transformed into a patent-eligible application
24 of the abstract idea.

25 *SecureMail Solutions* tells us that in ruling

1 on a 12(b)(6) motion, the Court need not accept as true
2 allegations that contradict matters properly subject to
3 judicial notice or in exhibits such as the claims in the
4 specification.

5 And finally, for now, in *Aatrix*, we're told it
6 therefore follows that in a situation where the specification
7 admits that the additional claim elements were well
8 understood, routine, and conventional, it will be difficult,
9 if not impossible, for a patentee to show a genuine factual
10 dispute to preclude dismissal.

11 All right. So that's the overarching legal
12 standard that I have done my best to apply to the specific
13 motions.

14 Let me now turn to the specific motions in the
15 specific cases that were argued today.

16 And the first set of cases all involve the
17 plaintiff, Pivital IP, LLC. And those three cases, one
18 against ActiveCampaign, is Civil Action No. 19-2176; one
19 against Twilio, Civil Action 20-254; and one against
20 SharpSpring, Civil Action 20-255.

21 Each of the defendants moved to dismiss
22 Plaintiff Pivital's complaint on Rule 12(b)(6) on the same
23 grounds, the lack of patent eligibility under Section 101.

24 Accepting all factual allegations in the
25 complaint as true and drawing all reasonable inferences in

1 favor of Pivital, the Court will grant defendants' motion to
2 dismiss.

3 The asserted patents here is U.S. Patent
4 No. 6,636,965. The '965. The claim of the '965 patent
5 recite a method and system for delivering a customized
6 message that allows a user to create a single message
7 containing a common message for general distribution, and
8 then also contain comments that can only be received or
9 reviewed by selective individuals.

10 The specification states that the invention aims
11 to provide a new way of sending customized messages that
12 reduce bandwidth messages and increase message sufficiency.

13 Plaintiff's alleged infringement of at least
14 claims 1 and 11 against ActiveCampaign, claim 1 against
15 Twilio, and claim 1 against SharpSpring.

16 No party has suggested that the Court need to
17 analyze the patent eligibility of any claims other than
18 claims 1 and 11.

19 These are the only claims that are asserted
20 across the three cases and are the only claims that
21 plaintiff says they would assert in any of these cases were
22 they to go forward.

23 Nor has any party identified any claim
24 construction dispute that would need to be resolved before
25 deciding the pending motions under Section 101.

1 I will note that in its 101 letter, the
2 plaintiff made a vague allusion to claim construction. That
3 comes too late and is too ambiguous a statement to cause me
4 to have a basis to defer ruling on the motions to dismiss.

5 Even plaintiff's letter does not identify any
6 disputed claim term or any proposed constructions so it
7 would be pure speculation to hold that I should not decide
8 the motions -- the fully briefed and fully argued motions,
9 that I should not decide them on the merits just because
10 further litigation might reveal a material claim
11 construction dispute.

12 Let me turn to the *Alice/Mayo* analysis.

13 So at step 1, I conclude that both claims 1 and
14 11 are directed to the abstract idea of encrypting a portion
15 of a common e-mail so that only a subset of recipients can
16 access the encrypted e-mail.

17 That happens to be ActiveCampaign's articulation
18 of the abstract idea. And I am persuaded by defendants that
19 that is, in fact, what these claims are directed to.

20 One indication that the claims here are directed
21 to an abstract idea is that the claims consist of functional
22 results-oriented language.

23 For example, claim 1 recites the functional result
24 of creating, determining, encrypting, and transmitting. But
25 neither of the challenged claims here describe how to achieve

1 the results of the purported invention in a non-abstract way.

2 Even the specification does not explain how any
3 data is stored, encrypted, or decrypted, or point to any
4 protocol for doing these functions.

5 The Federal Circuit has consistently held that
6 functional claiming that advances the desired outcome
7 without providing a concrete method for achieving the result
8 is insufficient to survive a Section 101 challenge.

9 You can find that concept, that legal principle,
10 for instance, in *Two-Way Media* and in the *Ameranth* decision,
11 which was a 2016 Federal Circuit decision.

12 Another basis for my conclusion that the claims
13 are directed to an abstract idea, step 1, is that I am not
14 persuaded by plaintiff's contention that the claims relate
15 to a technical improvement to computer functionality.

16 Neither the specification nor the claims
17 describes anything more than existing encryption methods and
18 other generic computer components.

19 The claims and specification describe encryption
20 generically rather than disclosing a new method of
21 encryption or decoding. The specification describes generic
22 equipment such as e-mail servers, personal computers, and
23 the Internet. Nothing in the claims describe a new method
24 structure despite plaintiff's contentions to the contrary.

25 Unlike the cases plaintiff analogizes this case

1 to, the claims of the '965 patent do not provide for a
2 specific improvement in the operation of a computer. For
3 instance, a new memory system, a new type of virus scan, a
4 new type of interface that may make a computer function more
5 accessible, those are the kinds of cases that plaintiff
6 analogizes these claims to, relying on cases like *Data*
7 *Engine*, *Core Wireless*, *Finjan* and *Visual Memory*, but those
8 are not persuasive analogies.

9 Plaintiff's alleged improvements, such as
10 reducing waste of processing resources, storage and
11 bandwidth, are not inventive here because they are generic
12 to any communication system that employs a filtering
13 feedback mechanism, whether conventional or computer
14 implemented. And some of what I just read is a quote from
15 Judge Bryson sitting by designation here in the District of
16 Delaware in 2019 and in his *British Telecommunications*
17 decision, which was affirmed last month by the Federal
18 Circuit.

19 Yet another indication that the claims here are
20 directed to an abstract idea is that defendants have
21 articulated a fair and accurate real-world prior art analogy
22 that humans have long performed. For instance, an
23 organization that distributes a hardcopy memorandum with
24 general information for a larger group accompanied by
25 customized information for certain recipients contained in a

1 sealed envelope or using redactions, those are longstanding
2 I think without dispute techniques that humans have followed
3 in the real world, the pre-computer world, and they are fair
4 analogies to what these claims are directed to. There's
5 support for that in the patent itself in column 1, for
6 instance. So bottom line, the problem and the solution of
7 these claims exists in a fair analogy of the real world
8 outside computer technology.

9 If what I've already said were not enough, I
10 would say last and really most importantly, what persuades
11 me that these claims here are directed to an abstract idea
12 and, in fact, are not patent eligible, is that the Federal
13 Circuit has analyzed many similar claims and has repeatedly
14 found that patent claims like these, which are directed to
15 selective access to resources, are directed to abstract
16 ideas and are not patent eligible, and we know from many
17 cases now, including, for instance, *Enfish*, that a valid and
18 independently sufficient approach to resolving a 101 dispute
19 is to find what are the most analogous cases that have
20 already been decided, and to read from those analogies.

21 So here, among the many analogous cases, there's
22 *British Telecom*, as I've already alluded to, where claims
23 were found to be directed to an abstract idea of
24 distributing information based on feedback from people
25 receiving that information, tailoring content to a user and

1 providing restricted access to resources. Those claims were
2 found not to survive Section 101 challenges.

3 Similarly, in *Ericsson*, the Federal Circuit
4 earlier this year found invalid patent claims that were
5 directed to an abstract idea of controlling access to or
6 limiting permission to certain resources.

7 *Prism Technologies* from the Federal Circuit in
8 2017 found claims were directed to an abstract idea of
9 providing restricted access to resources.

10 The *Umbanet* decision from the Eastern District
11 of Texas in 2017 and affirmed by the Federal Circuit in 2018
12 found that claims directed to providing selective or
13 particularized access to an e-mail were invalid under
14 Section 101.

15 And yet another one just handed down a few
16 weeks ago, the *Dropbox* decision on June 19th, 2020, from the
17 Federal Circuit found that asserted data security claims
18 fall squarely within the abstract category of controlling
19 access to data.

20 So all of that is by way of why I found the
21 challenged claims to fail *Alice* step 1 and alternative to
22 *Alice* step 2, much of what I've already said also happens to
23 address the step 2 inquiry as well, but I must, of course,
24 determine if step 2, whether the claims are valid because
25 they may contain an inventive concept.

1 I find that the '965 patent fails this step
2 because it does not recite any inventive concept and
3 transforms the abstract idea into patent eligible subject
4 matter. As already discussed, the specification describes
5 generic equipment and technology. This was well summarized
6 today in ActiveCampaign's slide 3, which showed with
7 citations to the patent that what is involved in the claims
8 here are all generic computer components whereas here
9 nothing in the claims understood in light of the
10 specification requires anything other than off-the-shelf
11 conventional generic computer hardware, there is no
12 inventive concept.

13 And that's a statement right from the *Electric*
14 *Power Group* decision of the Federal Circuit. "Merely
15 applying the abstract ideas of standard and generic computer
16 equipment is unpatentable." And that can be found in the *IV*
17 *vs. Symantec* decision from the Federal Circuit in 2016.

18 Here, nothing in the claims improve or change
19 the functioning of a computer. At best, the claims here
20 describe creating and sending electronic messages,
21 encryption and decoding based on the recipient, but the
22 claims recite these steps in an abstract way without
23 specifying any improvement to computer functionality.
24 The claims do not disclose a new way to create or
25 deliver e-mail, encrypt or decrypt a portion of a message,

1 determine user authorization, or to use an icon or
2 instruction.

3 There's no inventive concept in the ordered
4 combination of the method step as the elements of claim 1
5 are organized in a conventional way, create a message,
6 encrypt a portion of a message, transmit the message and
7 decode the message, and claim 11 is not materially different
8 than that.

9 The plaintiff argues that there is a new method
10 structure that applies an inventive concept. Structure is
11 not even mentioned in the claims; and I find no basis here
12 to plausibly find that the purported new method structure
13 that plaintiff argued for is anything other than
14 conventional, well understood and routine.

15 The specification does make a few references to
16 improving bandwidth, but the claim language itself does not
17 improve bandwidth. The plaintiff has not articulated any
18 plausible basis to conclude that more efficient use of
19 bandwidth is in any way captured in the claim. The claims
20 make no mention of bandwidth. In fact, to the contrary, it
21 appears that the bandwidth efficiency on which plaintiff is
22 relying applies instead to an unclaimed embodiment, the one
23 disclosed in Figure 3 of the patent, in which the message
24 processor automatically decides if private comments should
25 be decrypted and sent to recipient before e-mails are

1 transmitted. The claims the Court is analyzing cover a
2 different embodiment that decrypt comments only after the
3 e-mail is sent.

4 As the Federal Circuit said, for instance, in
5 *American Axle* in 2019, we have repeatedly held that features
6 that are not claimed are irrelevant at step 1 or step 2 of
7 the Mayo/Alice analysis.

8 So that's all reasons that I find the defendants
9 have met their burden at step 2. Let me conclude by just
10 addressing a few other additional arguments plaintiffs had
11 made. They made certain arguments based on the prosecution
12 history, suggesting that the prosecution history explains
13 the unconventional and non-generic features of the claimed
14 invention. In light of everything that I have said and what
15 I have found that the claims are directed to, this
16 contention about prosecution history is clearly unavailing.

17 Plaintiff has analogized the case to *Finjan* and
18 to *Uniloc*. I find these comparisons are not persuasive.
19 Unlike in *Finjan* where the claims were rooted in a technical
20 solution to a technical problem, they are relating to virus
21 screening. Here in those specific improvements, the
22 computer technology is claimed.

23 Also in *Finjan*, the specific steps to accomplish
24 the results were recited in the challenged claims, but here
25 the claims are, as I have tried to explain, directed merely

1 to result.

2 The analogy in *Uniloc* also fails. In *Uniloc*, I
3 don't think that there was a fair, real-world analogue as
4 there is here, but more fundamentally, in *Uniloc*, we know
5 that there was a technical problem that received a technical
6 solution, and here, as I've explained, there is not.

7 And, finally, we heard a lot, particularly
8 today, about the patent may allow for fewer e-mails to be
9 sent, but we know, for instance, from the *British Telecom*
10 case that I cited earlier, that just because it may be that
11 fewer e-mails will be sent using the patent, that is not
12 necessarily, and here it's not a technical solution to a
13 technical problem.

14 So for all of those reasons, those many reasons,
15 the motion to dismiss in *Pivotal*, in the *Pivotal* cases are
16 granted. I do not reach the other grounds that were cited
17 in the briefing, the non-101 grounds for possibly granting
18 the motion. I'm granting the motion on 101 grounds.
19 Because the only asserted claims have now been found not
20 patent eligible, I will be closing these cases. So that's
21 it on *Pivotal*.

22 Let me turn next to *InterDigital*, and I have
23 less to say about *InterDigital*. I will be significantly
24 quicker even though that case involved six patents, six
25 patents being challenged for alleged lack of patentability.

1 Neither party argues that any claim is
2 representative, but they agree nonetheless that I only
3 need to determine the patent eligibility of the claims
4 that are stuffed in the motion. That is, they agree that,
5 for today's purposes at least, I only need to address one
6 claim per patent. It's also helpful I think to group the
7 six patents into four groups, but really, I can make my
8 decision today even simpler than that. I really think it
9 comes down largely to one decision that resolves for the
10 most part this motion with respect to all of the claims, as
11 I will explain.

12 Having done the work necessary for this
13 InterDigital case, my decision is to deny the motion to
14 dismiss with respect to all six patents. I find that Lenovo
15 has not met its burden at either step 1 or step 2 of the
16 *Alice/Mayo* test.

17 None of the six claims have been shown to be
18 directed to an abstract idea, and even if any of the claims
19 were directed to an abstract idea, InterDigital has
20 sufficiently and plausibly alleged at least a fact dispute
21 as to whether each of the six challenged claims actually
22 claiming non-routine, nonconventional, or not well
23 understood inventive concepts.

24 Let me turn back to the one decision. What this
25 motion has largely come down to for me is a dispute as to

1 whether the claims of the six patents are more analogous to
2 those which survive Section 101 scrutiny in *Uniloc* and *KPN*,
3 or instead are more like those claims that were deemed
4 ineligible in, for example, *Two-Way Media*. I have concluded
5 that plaintiff's comparison to *Uniloc* and *KPN* is persuasive,
6 and Lenovo's effort to distinguish those cases is not
7 persuasive.

8 *Uniloc* especially involves similar technology
9 and a similar technical solution to a technical problem.
10 This is especially true of the asserted claim in what we've
11 called group 1, that is the '873 patent which, like the
12 claims upheld in *Uniloc*, is directed to reducing latency by
13 adding a field to a message in a wireless communication.

14 More generally and with respect to all six of
15 the patents at issue on this motion, the criticism by Lenovo
16 of the six claims that they all consist only of functional
17 results-oriented language and are insufficiently specific,
18 that criticism of Lenovo of these six claims would, if
19 accepted, mean, I think, that the claims upheld in *Uniloc*
20 should have been deemed ineligible for patenting. But they
21 weren't deemed ineligible for patenting, so I cannot be
22 persuaded by defendants' argument.

23 The bottom line is that if the claims in *Uniloc*
24 are adequate under Section 101, and we know that they are,
25 then the claims asserted by InterDigital are as well.

1 Much the same could be said for another case
2 persuasively relied on by plaintiff; that is, the *KPN*
3 decision.

4 The claims that survive the motion in *KPN* lead
5 me to conclude that the claim challenged by Lenovo survive
6 here.

7 I have considered the comparative cases that
8 Lenovo would prefer I analogize the claims that the six
9 patents at issue in this motion to, but I just find them
10 not as persuasive as comparators as *Uniloc* and *KPN*.

11 So, specifically, I have considered the *Ericsson*
12 decision from this year in connection with the '873 patent,
13 *Two-Way Media*, as I have already mentioned, with respect to
14 all the patents, but especially the group 2 '665 and '954
15 patents; the *Cybersource* decision, especially in connection
16 with the '774 and '294 patent; and *In Re: Gram*, especially
17 in connection with the '612 patent.

18 Again, those are not as persuasive to me as
19 comparators as *Uniloc* and *KPN*.

20 The conclusions that I have reached as a general
21 matter about why these claims are not ineligible under
22 Section 101 are further supported by looking specifically at
23 each of the challenged patent claims which I will do
24 briefly.

25 The '873 patent aims to solve the problem of

1 avoiding the blockage condition described in the patent. It
2 claims to solve that problem by automatically transmitting
3 scheduling information in response to the WTRU having a
4 non-zero grant smaller than needed.

5 This idea of triggering is not captured in
6 Lenovo's proposed abstract idea. So Lenovo has not met
7 its burden to articulate it's an abstract idea to which the
8 claim is directed.

9 Also given the persuasive analogy to, for
10 example, *Uniloc*, the challenged claim is directed to a
11 technical solution to a technical problem and, therefore,
12 is not directed to any abstract idea.

13 Turning to group 2, the '665 and '954 patents,
14 Lenovo has failed to show that the claims are directed to
15 its proposed abstract idea, which was receiving a message
16 and, where no time interval for a response is indicated,
17 transmitting a response at a predetermined time interval.

18 Instead, the claims allow automatic allocation
19 of channel access to send acknowledgment of a received
20 message, which is a technical solution to a technical
21 problem.

22 That's what the claims are directed to, and,
23 therefore, they are not directed to an abstract idea.

24 Groups 3 and 4 can be considered together.
25 That's the '726, '449, and '612 patents.

1 Lenovo's proposed abstract idea is not correct
2 because it contends that the focus of the claims is on a
3 comparison between two channels. But InterDigital
4 persuasively explains that the claims are instead directed
5 to an improvement with respect to one channel.

6 The claims are directed to a technical solution
7 to a technical problem, not to an abstract idea.

8 I also agree with plaintiff that these claims
9 are more specific than the claims that are upheld and
10 patent-eligible in *Uniloc*. So it has to follow, again,
11 based on *Uniloc*, that these claims survive the pending
12 motion.

13 Even if all of what I have just said about
14 Lenovo's failing at step 1 were not correct, Lenovo would
15 nonetheless lose this motion with respect to all six claims
16 at step 2.

17 The operative first amended complaint plausibly
18 alleges that each of the six patents has an inventive
19 concept that was not routine, conventional, and well
20 understood; and it does so including, for example, by citing
21 to pertinent portion of the prosecution histories.

22 Accordingly, and for all of those reasons,
23 the Court will deny Lenovo's motion. And I will also be
24 directing that the parties in the InterDigital case meet and
25 confer and submit a proposed scheduling order as the case is

1 going to proceed with respect to not just these six patents
2 challenged today but the other patents-in-suit. I believe
3 there are two others that were not challenged today.

4 Finally, let me turn to the last set of cases,
5 the Mentone cases.

6 This was two related cases involving Mentone
7 and U.S. Patent No. 6,952,413. The two defendants move to
8 dismiss their respective first amended complaints under
9 Rule 12(b)(6), both under Section 101 and for failure to
10 adequately plead infringement.

11 Having considered all the pertinent law and the
12 briefing and the arguments, I have decided to grant the
13 motion on Section 101 grounds and, therefore, will not reach
14 the challenge to the adequacy of the pleading.

15 My decision is specifically about claim 5. All
16 parties agree that claim 5, which is the only claim
17 specifically asserted in the operative complaint, is
18 representative of the '413 patent's claim.

19 Let me talk first briefly about claim
20 construction.

21 Mentone has, in its 101 letter brief, proposed
22 constructions of two claim terms. Those proposals do not in
23 any way preclude the Court from resolving the motions to
24 dismiss today.

25 I would say contrary to Mentone's suggestion, I

1 don't view defendants as having created a claim construction
2 dispute or having attempted to rewrite the claims in their
3 briefing. All the defendant did was propose an abstract
4 idea to which they contend claim 5 is directed, which is
5 part of their burden on a motion such as this one arising
6 under Section 101.

7 Moreover, the two claims that Mentone identifies
8 in its letter as requiring construction do not alter the
9 Court's analysis in any material way. In fact, as
10 defendants conceded today, the Court can, for purposes of
11 the motion, adopt and apply Mentone's proposed construction
12 for the two terms as proposed in the letter brief.

13 And so I have done that. And in analyzing these
14 claims, I have applied Mentone's proposed constructions for
15 PDCH and USF.

16 I actually think, if anything, that Mentone's
17 constructions of those two terms in the asserted and
18 challenged claim actually reinforce my finding, which I'm
19 going to explain, that those two claim elements were well
20 understood, routine, and conventional components of the
21 prior art systems known to persons of ordinary skill in the
22 art at the time of the invention and discussed in the
23 specification.

24 Before I dive into step 1 and step 2 of the
25 Alice/Mayo test, I wanted to explain that part of what has

1 driven my conclusion in the Mentone motion is that even if I
2 were to accept the plaintiff's analogy of the claim here to
3 *KPN*, and even if I were to say that this claim involved a
4 technical solution to a technical problem, there is
5 insufficient specificity of that solution captured in the
6 claims.

7 That is, there is not sufficient specificity of
8 that purported technical solution to a technical problem
9 captured in the claim to allow the claims to survive the
10 motion to dismiss. And I'll hope to make clear what I mean
11 there as I go through step 1 and step 2.

12 But, basically, how to do the purported
13 technical solution to the technical problem is not specified
14 with any sufficiency in the claim here.

15 Let me turn to the two steps.

16 So at step 1, I find that the challenged claim,
17 claim 5, is directed to the abstract idea of receiving a USF
18 and transmitting data during the appropriate time slots.
19 That's the articulation that Digi offered for the abstract
20 idea.

21 And I am persuaded that that is what the claims
22 are directed to, and I'm persuaded that that is an abstract
23 idea, which we know from numerous Federal Circuit cases,
24 such as *Electric Power*, where the Court concluded that
25 similar data manipulation steps, like receipt, detection,

1 and transmission of information, are abstract. It is plain
2 to me from this patent that there are only functional
3 limitations in claim 5: Recognize -- I'm sorry. Receiving,
4 monitoring, and transmitting communications.

5 The claims, it's functional language, because
6 the claims indicate nothing about when, how, or why one
7 would, for instance, and most importantly, shift the USF or
8 how a shifted USF would specifically improve the functioning
9 of a prior art system.

10 That is, claim 5 recites the alternative use of
11 normal and shifted USFs without describing any meaningful
12 difference between the two beyond merely shifting. The
13 claim language is functional and results-oriented, which we
14 know, and as I have explained in connection with the earlier
15 case, to be fatal defect that causes the claim not to
16 survive step 1.

17 In the Court's view, claim 5 is most analogous
18 to claims the Federal Circuit considered in *Two-Way Media*
19 which were also directed to a functionally claimed patent
20 ineligible abstract idea.

21 In *Two-Way Media*, the Federal Circuit emphasized
22 the lack of any non-abstract language in the claim that
23 indicated how they improved the functioning of the system.

24 Here, arguably, the how of the improvement is
25 done by shifting the USF, but there's nothing in the claims

1 or even really in the specification about how and when one
2 would shift the USF. There's certainly nothing specifically
3 on that in the claim. The claims broadly claim shifting of
4 the USF, but there's no indication that shifting the USF
5 will always lead to a solution. We're not even told whether
6 the shifting, which direction the shifting has to be in or
7 the magnitude of the shifting. All of that is absent from
8 the claim.

9 Claim 5 is in my view distinguishable from the
10 claims in *KPN*, which were directed to an implementation of
11 an improvement computer functionality that was specific
12 enough to render the claims patent eligible. Mentone called
13 my attention to the comparison to *KPN*, but they only make a
14 conclusory comparison to the claims in *KPN*, which has not
15 been persuasive. In *KPN*, there was a claimed improvement
16 that fulfilled the solution disclosed in the specification
17 for a specific improvement over existing methods. Claim 5
18 instead does not improve any individual element of the
19 existing system, nor does it recite any specific improvement
20 over the existing system. Claim 5 is also distinguishable
21 from *Uniloc*, which was also relied on by plaintiff. There
22 is an obvious similarity between claim 5 and the patent in
23 *Uniloc*, both purportedly disclosed that their solution is
24 reducing or eliminating delay in a process, but there's an
25 important distinction in *Uniloc*. The claimed solution was

1 captured in the claim, but claim 5 of the '413 patent, the
2 alleged solution, is absent from the claim.

3 Having made those findings at step 1, I need to
4 turn to step 2, and I find that Mentone has not advanced any
5 meritorious inventive concept that's captured in claim 5.
6 In its briefing Mentone did not argue that there was
7 anything inventive in a normal USF, or articulate any
8 argument that there's something inventive in the ordered
9 combination of all of the claims pled.

10 The three functional limitations that I have
11 found to be the abstract idea at step 1 cannot supply the
12 inventive concept. At step 2, there really, as I view it,
13 Mentone's argument in step 2 largely relies, at least up
14 until today it did, largely relies on the shifted USF, but
15 the shifted USF, even in combination with the abstract idea,
16 functional limitations, and anything else that Mentone says
17 is in the claims do not turn out to be in my view
18 significantly more than a claim to the abstract idea.

19 Focusing for a moment on the shifted USF, the
20 complaint does not allege that use of a shifted USF is
21 itself not well understood, routine or conventional.

22 I think at a certain point Mentone did purport
23 to raise a factual dispute as to step 2 concerning whether
24 claim 5 is directed to a specific and discrete system of
25 altering the fixed relationship in the timing of the

1 download allocation signalling as subsequent uplink
2 transmission. This argument fails. This fact that Mentone
3 suggests could not provide a possible inventive concept here
4 because it's just an abstract description of the abstract
5 idea to which the claims are directed. This purported fact
6 is also unsupported by the specification and the claims.
7 Nothing in the specification or in claim 5 describes how
8 shifting the USF changes the fixed relationship underscored
9 by Mentone. In fact, the specification shows that shifting
10 the USF did not alter this fixed relationship. So none of
11 that helped Mentone survive the challenge at step 2.

12 Now, today we did hear quite a bit about the
13 claim limitations relating to multiple PDCHs and how they
14 potentially supplied an inventive concept. This argument
15 was new to me today. It did not appear in Mentone's brief
16 in response to Digi's motion to dismiss. It did not appear
17 in Mentone's brief responding to Elo Touch's motion to
18 dismiss. It did not appear in the subsequent 101 day letter
19 brief, so it's untimely and I need not consider it, and I
20 really have not had time to consider it much, having heard
21 it only just a couple hours ago. I will note that defense
22 counsel was able to point to an indication in the
23 specification that the multiple PDCHs may have been in the
24 prior art. I really don't know. I have not had sufficient
25 time to evaluate that contention.

1 All said, I do not treat the arguments today
2 about multiple PDCHs as arguments that can materially affect
3 the analysis or alter the outcome here.

4 So my decision in the Mentone case is that
5 claim 5 is invalid for lack of patent eligible subject
6 matter under Section 101. Because claim 5 is representative
7 according to the parties of the rest of the claims of the
8 '413 patent, defendants' motions to dismiss are granted on
9 this basis and the Court will not address the further
10 argument about the plausibility of the plaintiff's
11 allegations.

12 I do note that at least in passing, plaintiff
13 had asked for leave to amend its complaint. I find that
14 amendment would be futile given my findings and given the
15 representations, sorry, given the representative nature of
16 claim 5. So I will be granting the motion to dismiss and I
17 will be closing the Mentone cases.

18 That concludes by rulings. Thank you for your
19 patience on that.

20 Let me quickly run through counsel and see if
21 you have any questions.

22 First, from Pivital, any questions?

23 MR. BENNETT: No, Your Honor. This is David
24 Bennett on behalf of Pivital IP.

25 No questions.

1 THE COURT: Thank you. ActiveCampaign?

2 MR. MARK SMITH: This is Mark Smith on behalf of
3 ActiveCampaign.

4 No, Your Honor.

5 THE COURT: Twilio?

6 MR. HENDERSHOT: This is Mike Hendershot of
7 Jones Day on of behalf of Twilio.

8 No questions, Your Honor; and thank you and
9 Judge Hall for your time today.

10 THE COURT: Thank you. SharpSpring?

11 MR. MAYO: Your Honor, this is Andrew Mayo from
12 Ashby & Geddes.

13 I echo the comments of counsel. Thank you for
14 your time today; and there's no questions from us.

15 THE COURT: Thank.

16 InterDigital?

17 MR. RYAN SMITH: No questions.

18 THE COURT: Okay. Lenovo?

19 MR. MICALLEF: This is Joe Micallef for Lenovo.

20 No questions. Thank you, Your Honor.

21 THE COURT: Mentone?

22 MR. PAZUNIAK: No. No questions, Your Honor.

23 THE COURT: Okay. Digi?

24 MR. ALY: Good afternoon, Your Honor. Amr Aly
25 of Jenner & Block.

And thank you to you and Judge Hall for your
time.

THE COURT: And for Elo Touch?

MR. ANDERSON: This is Jeremy Anderson for Elo Touch.

Thank you, Your Honors. No questions.

THE COURT: Okay. Well, thank you, all, very much. It has been a long day.

I want to once again thank Judge Hall. Her help has been tremendous.

I hope everyone stays safe; and thank you again
for the arguments. We will be in recess. Bye-bye.

(Counsel respond, "Thank you, Your Honor.")

(35 U.S.C. 101 En Banc Telephonic Oral Argument
concluded at 5:23 p.m.)

I hereby certify the foregoing is a true and accurate transcript from my stenographic notes in the proceeding.

/s/ Brian P. Gaffigan
Official Court Reporter
U.S. District Court